# HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING DECEMBER 17, 2014 APPLICATION SUMMARY

NAME OF PROJECT:

St. Jude Children's Research Hospital

PROJECT NUMBER:

CN1409-040

**ADDRESS:** 

315 Danny Thomas Place

Memphis (Shelby County), TN 38105

**LEGAL OWNER:** 

St. Jude Children's Research Hospital, Inc.

262 Danny Thomas Place, MS 280

Memphis (Shelby County), TN 38105

**OPERATING ENTITY:** 

Not Applicable

CONTACT PERSON:

John Wellborn

(615) 665-2022

DATE FILED:

September 15, 2014

PROJECT COST:

\$62,500,516.00

FINANCING:

Cash Reserves of American-Lebanese Syrian

Associated Charities, Inc. (ALSAC)

REASON FOR FILING:

Modification of an existing facility, requiring a capital

expenditure greater than \$5.0 million

#### **DESCRIPTION:**

St. Jude Children's Research Hospital (St. Jude), a 78 licensed bed pediatric hospital is seeking approval to construct 54 inpatient acute care beds on 3 shelled floors (floors 3-5) of its Kay Research and Care Center located at 315 Danny Thomas Place, Memphis (Shelby County), TN. Fifty-two of those beds will be replacement beds; 2 will be new licensed beds. The project will also finish 2 shelled in connectors to an adjoining building and relocate Respiratory Therapy from the Patient Care Center to the Kay Center both located on the campus of St. Jude Children's Research Hospital.

The project does not involve the initiation of new health care services or acquisition of major medical equipment. The hospital's acute care complement will increase from 78 to 80 licensed beds. The estimated project cost is \$62,516,000. The entire project is expected to be completed by November 1, 2016.

Note to Agency members: The service specific criteria for acute care bed need services does not apply to St. Jude adding 2 additional Acute Care Beds since St. Jude is less than a 100 bed licensed hospital. TCA 68-11-1607(8)(g) permits a hospital with fewer than 100 beds to increase its total number of licensed beds by ten beds over any one year period without obtaining a Certificate of Need.

### CRITERIA AND STANDARDS REVIEW

CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS

- 3. For renovation or expansions of an existing licensed health care institution:
  - a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

Inpatient days at St. Jude are projected to increase 22.8% from 16,090 patient days in 2012 to 19,762 inpatient days in Year One (2017) of the proposed project. The applicant projects medical/surgical bed occupancy will increase from 51.9% in 2014 to 74.6% in 2018 (Year Two). Further growth in utilization is expected as St. Jude expands it research programs and its pediatric patients.

It appears that the application will <u>meet</u> this criterion.

b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

There is not adequate floor space in patient rooms for current technology, medical equipment, and showers. There is no way to expand the inpatient units at their present location to meet current design standards.

The building's air systems and duct work are 20 years old and are in need of replacement.

It appears that the application meets this criterion.

#### **SUMMARY**

The following information is a summary of the original application and all supplemental responses. Any staff comments or notes, if applicable, will be in bold italics.

St. Jude provides health services to children with catastrophic diseases, through conducting cutting edge biomedical research, clinical trials and direct patient care. St. Jude focuses on both the advancement of scientific knowledge, and also its rapid translation into new therapies for the care of children suffering from cancer, sickle cell disease, acquired immune-deficiencies, genetic disorders, and other serious diseases. The majority of admissions require qualification for research protocols, and almost all its patients are 18 and under. More than 7,800 patients are seen annually at St. Jude from all 50 States and from 54 foreign countries.

**History** 

St. Jude Children's Research Hospital (CN1105-017A) was approved during the August 24, 2011 Agency meeting for the construction of a new 9 story medical tower (Kay Research and Care Center) on the St. Jude Children's Research Hospital's main campus at 315 Danny Thomas Place in Memphis (Shelby County), Tennessee. The Kay Research and Care Center (Kay Center), which is located next to and connected at all levels with The Chili's Care Center, is in the final finishing stages of completion and contains the following three clinical areas:

- 1) A replacement Surgical Suite (expanded from two (2) to three (3) operating rooms)
- 2) A replacement 8 bed Intensive Care Unit (ICU), enlarged to meet modern medical needs projected to open in November 2014.
- 3) A new two-story Proton Beam Therapy (PBT) facility to augment St. Jude's cancer research and treatment programs (106,036 SF). The PBT facility occupies two underground levels of The Kay Research and Care Center and is projected to open in 2015.

Proposed

St. Jude Children's Research Hospital (CN1105-017A) included three floors (3-5) of shell space located in the Kay Research and Care Center to be applied for future use. In this CON application (CN1409-040), St. Jude is proposing to build out those three floors with 54 licensed private pediatric beds, of which 52 will replace older pediatric beds located in the St. Jude's Patient Care Center. Each of floors 3-5 in the Kay Center will contain 18 pediatric beds which will increase St. Jude's acute care license from 78 pediatric beds to 80 pediatric beds. The

proposed project will also finish out two shelled-in connectors linking the Kay Center's 4<sup>th</sup> and 5<sup>th</sup> floors to the adjoining Chili's Care Center, and relocate St. Jude's Respiratory Therapy Department from the Patient Care Center to the Kay Center. See Attachment B.III Plot Plan for the location of the Patient Care Center, the Chili Care Center, and the Kay Research and Care Center on the St. Jude campus.

St. Jude's plans to convert the space vacated at St. Jude's Patient Care Center with additional outpatient clinic space. The first floor of the building is currently used as an outpatient clinic.

An overview of the project is provided on pages 6-8 of the original application.

The following chart reflects the changes in bed assignments after the completion of the project.

Bed Type	Current Bed Assignment	Proposed Bed Assignment	+/-
Med/Surg	70	72	+2
ICU/CCU	8	8	0
Total	78	80	+2

Source: CN1409-040

## Ownership

- St. Jude Children's Research Hospital, Inc. is a unique, not-for-profit, charitable research and pediatric patient care organization based in Memphis, Tennessee. The applicant does not own any other licensed facilities.
- St. Jude is the only National Cancer Institute-designated Comprehensive Cancer Center devoted solely to children.

## **Facility Information**

- Each patient floor will have 2 wrap-around nursing stations, a rehabilitation room, clinical workroom, staff lounge and offices.
- In addition, each floor will have a nourishment room, a visitor activity room, a teen room, a child life playroom (for patients and siblings), and a large conference room.
- The Respiratory Department will relocate to the ground level of the Kay Center and will have a "ventilator" room with 26 stations, a tank room, a ventilator test room, a director's office, and a lounge.
- Table Two-B located on page 12 of the original application provides an overview of the square footage of each floor of the Kay Center.

The following is a chart that displays the location of the current services by building and location, and the proposed new location of those services.

<b>Building Name</b>	Current				Proposed		
	Floor	Beds	Services	Floor	Beds	Services	
Chili's Care Center	2	18	Med/Surg	2	18	Med/Surg	
			(Transplant)			(Transplant)	
			AND				
Patient Care Center	2	38	Med/Surg	n/a	0	Med/Surg	
3,	4	14	Wied/Surg	11/ a		Wica, buig	
		10 10 15					
Kay Research and	2	8	Pediatric ICU	2	8	Pediatric ICU	
Care Center				3	18	Med/Surg	
(Tower 2)				4	18	Med/Surg	
				_ 5	18	Med/Surg.	
Total		78			80		

Source: CN1409-040

Changes by building/floor are as follows:

- There are currently 3 buildings on the St. Jude campus that house inpatient beds: the 5-story Patient Care Center, which houses 52 inpatient beds on floors 2 and 4; the 6-story Chili's Care Center which houses 18 transplant beds on the 2<sup>nd</sup> floor; and the new 9 story Tower 2/Kay Research and Center, which currently houses 8 pediatric ICU beds on the 2<sup>nd</sup> floor.
- If approved, there will no longer be inpatient bed services provided in the Patient Care Center. The vacated space is expected to be used for outpatient services.
- The existing 18 transplant beds located on the 2<sup>nd</sup> floor of the Chili's Care Center will remain unchanged.
- The current 52 beds located on the 2<sup>nd</sup> and 4<sup>th</sup> floor of the Patient Care Center will relocate to the 3-5 floors of the Kay Research and Care Center.
- The Respiratory Department will also relocate from the Patient Care Center to the Kay Center.
- 2 additional med/surg beds will be added to floors 3-5 of the Kay Research and Care Center which will increase med/surg beds from 78 to 80.

According to the TDH website, St. Jude is currently licensed for 78 beds. The 2013 Joint Annual Report indicates St. Jude was licensed for 78 beds with 64 beds staffed. Licensed bed occupancy was 58% and staffed bed occupancy was 70.6%.

The following provides the Department of Health's definition of the two bed categories pertaining to occupancy information provided in the Joint Annual Reports:

- Licensed Beds The maximum number of beds authorized by the appropriate state licensing (certifying) agency or regulated by a federal agency. This figure is broken down into adult and pediatric beds and licensed bassinets (neonatal intensive or intermediate care bassinets).
- Staffed Beds The total number of adult and pediatric beds set up, staffed and in use at the end of the reporting period. This number should be less than or equal to the number of licensed beds.

### **Project Need**

The applicant provides several reasons for the need of the project:

- The existing patient rooms in the Patient Care Center are 20 years old and do not meet current design standards.
- There is not enough floor space in patient rooms for current technology, medical equipment, and showers.
- The air systems provide less positive pressure for isolation room air changes than what is now available. In addition, there is 20 years of lint buildup in the ductwork.
- There is not enough space in either patient or parent rooms to fully open sleeper couches.
- Parents now must exit their parent room in the hallway and enter their child's room by its hallway door in order to visit their child.

	Space Comparisons	
Existir	ng and new patient/Parent R	ooms
Space	Existing SF	Proposed SF (Change)
Patient Room	165 SF	261 SF
Patient Bathroom	42 SF	60 SF
Subtotal, patient space	207 SF	321 SF (+55%)
Parent Room	89 SF	156 SF
Parent Bathroom	31 SF	54 SF
Subtotal, Parent Space	120 SF	210 SF (+75%)
Total Patient/Parent space	327 SF	531 SF (+62%)

Source: CN1409-040

- Total patient space will increase 55% from 207 SF to 321 SF.
- Total parent space will increase 75% from 120 SF to 210 SF.

- Total patient/parent space will increase 62% from 327 SF to 531 SF.
- Except for 2 isolation rooms, there will be an internal door between patient and parent rooms on each of the three floors in the Kay Center.
- Enlarged patient/parent floor plans are located on page 15 in the original application.

### Service Area Demographics

St. Jude's declared primary service area includes Dyer, Fayette, Lauderdale, Madison, Shelby, and Tipton Counties.

- The total population of the 6 County Tennessee service area is estimated at 1,213,721 residents in calendar year (CY) 2014 increasing by approximately 1.6% to 1,232,998 residents in CY 2018.
- The overall Tennessee statewide population is projected to grow by 3.7% from 2014 to 2018.
- The 17 and under population in the service area will decrease from 24.9% of the general population in 2014 to 24.2% in 2018. The statewide 17 and under population will decrease from 22.8% in 2014 of the general population to 22.3% in 2018.
- The latest 2014 percentage of the proposed primary service area population enrolled in the TennCare program is approximately 23.9% in the service area as compared to the statewide enrollment proportion of 18.8%.

## Applicant's Historical and Projected Utilization

Historical and projected trends for St. Jude Children's Research Hospital are displayed in the table below:

St. Jude Historical and Projected Utilization of Select Services
Relevant to Proposed Project

	Actual			Projected		Proposed Project	
St. Jude	2012	2013	2014	2015	2016	2017 Year 1	2018 Year 2
Licensed Beds	78	78	78	78	78	80	80
Admissions	3,040	3,009	2,944	3,220	3,393	3,527	3,637
Inpatient Days	16,090	16,387	14,767	16,273	17,933	19,762	21,779
Length of Stay	5.3	5.4	5.0	5.1	5.3	5.6	6.0
Average Daily Census	44.1	44.9	40.5	44.6	49.1	54.1	59.7
Occupancy	56.5%	57.6%	51.9%	57.2%	63.0%	67.7%	74.6%

Source: CN1409-040

- Admissions are projected to increase 16% from 3,040 in 2012 to 3,527 in Year 1 of the proposed project.
- Inpatient days at St. Jude are projected to increase 22.8% from 16,090 inpatient days in 2012 to 19,762 inpatient days in Year One (2017) of the proposed project.
- The overall projected bed occupancy based on inpatient days only in Year 1 (2017) and Year 2 (2018) of the proposed project is projected to average 67.7% and 74.6%, respectively.

### **Project Cost**

The total estimated project cost is \$62,500,516.00. Major costs are:

- Construction Costs plus contingencies -\$31,123,696 or 49.8% of total cost
- FMV of shelled floors 3-5 -\$23,968,220 or 38.3% of the total cost
- Average total construction cost is expected to be \$505.29 per square foot. This includes cost of the previously approved shelled in space and the build-out in this proposed project. The third quartile for cost per square foot of previously approved hospital projects from 2011-2013 was \$274.63. In the supplemental response, the applicant states that the reasons for the higher cost include the construction of 8 foot tall maintenance floors which ensure that children are not displaced from their rooms during repairs and maintenance, and special contractor installed and tested certified technology that is required for high acuity patients for research documentation.
- For other details on Project Cost, see the Project Cost Chart on page 46 of the original application. The shelled-in floors associated with this project are Floors Ground, 3, 4, and 5 and contain 101,964 square feet. The build-out proposed in this application contain 92,754 SF of 101,964 shelled-in square footage.

#### **Historical Data Chart**

- The applicant reported gross operating revenue of \$1,009,906,489, \$1,061,065,746, and \$1,134,521,653 on 15,667, 16,449, and 14,931 discharge days in 2011, 2012, and 2013, respectively.
- Net Operating Revenue was favorable for the three most recent years reported: \$700,569,337 for 2012; \$751,034,960 in 2013; and \$814,191,551 in 2014, representing a margin of gross operating revenues of approximately 69% in 2012, 71% in 2013, and 72% in 2014.
- St. Jude Children's Research Hospital, Inc. Historical Data Chart reflects \$0.00 net operating income (NOI) for the three most recent fiscal years of 2012-2014. American Lebanese Syrian Associated Charities ("ALSAC") is the fund-raising arm of St. Jude. It was formed to raise money to build the

hospital and meet its ongoing expenses. It covers all the costs of care beyond those reimbursable by third-party payments, and covers the total costs of treatment when there is no insurance available. ALSAC made continuous charitable cash contributions of \$605,032,661 in FY 2012, \$647,020,818 in FY2013 and \$716,770,121 in FY 2014 to offset deficits. In the supplemental response, the applicant references a nightly sweep between St. Jude and ALSAC accounts in which funds are transferred between the entities to ensure that St. Jude's accounts show neither a positive nor a negative margin at the end of the day.

### **Projected Data Chart**

### **Hospital**

- The applicant projects Gross Operating Revenue of \$1,356,662,162 on 19,762 inpatient discharges in project Year 2017 increasing to \$1,454,731,867 and 21,779 discharges in Year 2018.
- Net operating income less capital expenditure will zero out in Year 2017 and Year 2018 because of the same process identified with the Historical Data Chart regarding the nightly sweep between St. Jude accounts and ALSAC accounts.
- ALSAC is projected to make charitable contributions of \$838,733,205 in 2017 and \$871,829,818 in 2018 to offset deficits experienced by St. Jude Children's Hospital, Inc.

## 54 Bed Inpatient Beds

- The applicant projects Gross Operating Revenue of \$307,443,555 on 13,302 inpatient discharges in project Year 2017 increasing to \$337,179,295 and 16,514 discharges in Year 2017.
- Net operating income less capital expenditures will zero out in Year 2017 and Year 2018.
- ALSAC is projected to make charitable contributions of \$128,992,210 in 2017 and \$114,472,017 in 2018 to offset deficits experienced by St. Jude Children's Hospital, Inc.

## Charges

In Year 1 of the proposed project, the average charge per inpatient day is as follows:

Average Gross Charge

• \$23,113

Average Deduction from Operating Revenue

\$10,330

# Average Net Charge \$12,783

#### **Payer Mix**

- The applicant indicates it has contracts with all TennCare MCOs in the State of Tennessee: BlueCare, United HealthCare Community Plan (formerly AmeriChoice), TennCare Select and AmeriGroup.
- The applicant projects \$3,107,574 in Medicare gross revenue and \$198,884,719 in TennCare/Medicaid gross revenue in Year 1. These amounts equate to approximately 0.6% and 38.4%, respectively, of total gross operating revenue in Year 1.

#### **Financing**

- As previously noted, the estimated project cost is \$62,500,516 of which \$38,532,296 is the actual capital cost.
- The source of funding for the project is identified as a cash transfer from ALSAC to St. Jude Children's Research Hospital.
- A September 4, 2014 letter signed by the Chief Financial Officer of ALSAC attests to ALSAC's ability to finance the project.
- Review of the combined financial statements of ALSAC and St. Jude Children's Research Hospital, Inc. as of 06/30/13 revealed cash and cash equivalents of \$42,378,176.00, unrestricted investments of \$1,784,208,195.00, total assets of \$3,336,732,149.00, and total liabilities of \$364,402,707.

### Staffing

- Staffing of the St. Jude medical/surgical beds, 3<sup>rd</sup>-5<sup>th</sup> floors, Kay Center is expected to increase from 141 current full time equivalent staff (FTE) to 176 FTE in Year 1 and 189 FTE in Year 2.
- Please refer to Table Fourteen on page 68 of the original application for an overview of the current and projected staffing of the proposed project.

## Licensure/Accreditation

St. Jude is licensed by the Tennessee Department of Health and accredited by The Joint Commission. A copy of the most recent inspection by The Joint Commission is located in Supplemental 1.

The applicant has submitted the required corporate documentation, site control documents, and miscellaneous information pertaining to the demographics of the primary service area. Staff will have a copy of these documents available for member reference at

the meeting. Copies are also available for review at the Health Services and Development Agency office.

Should the Agency vote to approve this project, the CON would expire in three years.

#### CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

There are no other Letters of Intent, denied or pending applications for this applicant.

## Outstanding Certificates of Need

St. Jude Children's Research Hospital, CN1105-017A, has an outstanding Certificate of Need that will expire on October 1, 2017. It was approved at the July 27, 2011 Agency meeting to construct a new medical tower that will include a replacement Surgical Department and Intensive Care Unit (ICU). In the same structure, the hospital proposes to establish a proton beam therapy center for pediatric cancer treatment, to acquire major medical equipment (proton beam therapy equipment and related components), and to initiate inpatient and outpatient proton therapy services. It will be located within the St. Jude campus, next to the Chili's Care Center. The estimated project cost is \$184,279,326.00. Project status update: A progress report from a representative of St. Jude Children's Research Hospital dated 11/25/2014 notes the Tower 2 project's three operating rooms and eight intensive care rooms were completed and occupied shortly after the September 22, 2014 licensure date. The contractor, Flintco, has completed almost all of the punch list items for the remaining portions of the project. A final contract amount has been determined within the amount previously transmitted to the state. The three proton therapy treatment rooms and the associated medical equipment included in CN1105-017A have not been completed. The proton therapy equipment has been installed with all life safety systems inspected, but the system will require another year of testing and commissioning by the vendor and the clinical team to be operational. Associated medical devices like the CT/PET have not been purchased as they will not be needed until the proton therapy center is operational. St. Jude does not view the project as complete until the proton therapy treatment rooms are accepted for clinical use. The completion date of the project is expected to be in early 2016 based on the proton therapy system vendor's latest status. The complexity of the system and clinical approvals makes an exact completion estimate impossible at this time.

# CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no other Letters of Intent, denied or pending applications, or Outstanding Certificates of Need for other health care organizations proposing this type of service.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PME (12/2/2014)

# LETTER OF INTENT

# LETTER OF INTENT -- HEALTH SERVICES & DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Commercial Appeal, which is a newspaper of general circulation in Shelby County, Tennessee, on or before Wednesday, September 10, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that St. Jude Children's Research Hospital (a hospital), which is owned and managed by St. Jude Children's Research Hospital, Inc. (a corporation), intends to file an application for a Certificate of Need (CON) to construct fifty-four (54) inpatient acute care beds on three shelled floors (floors 3-5) of its Kay Research and Care Center, located at 315 Danny Thomas Place, Memphis, TN 38105, on the St. Jude campus. Fifty-two (52) of those beds will be replacement beds; two (2) will be new licensed beds. The project will also finish out two shelled-in connectors to an adjoining building and will relocate Respiratory Therapy from the Patient Care Center to the Kay Center. The estimated project cost is \$62,500,000 under CON rules (of which \$39,000,000 is the actual cost, the balance being the market value of existing shell space being used in the project).

St. Jude is currently licensed by the Board for Licensing Health Care Facilities as a seventy-eight (78) bed acute care hospital. The project will increase the hospital's bed complement to eighty (80) acute care beds. The project will not initiate or discontinue any hospital service, or include any major medical equipment.

The anticipated date of filing the application is on or before September 15, 2014. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 210, Nashville, TN 37215, (615) 665-2022.

Jan X. Wellbow 9-4-14 jwdsg@comcast.net (Signature) (Date) (E-mail Address)

COPY-Application
St. Jude
Children's
Research Hosp.

CN1409-040

# DSG Development Support Group

September 15, 2014

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9<sup>th</sup> Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application Submittal

St. Jude Children's Research Hospital--Bed Replacement and Expansion

Memphis, Shelby County

n Welleson

Dear Mrs. Hill:

This letter transmits an original and two copies of the subject application. The affidavit and filing fee are enclosed.

I am the contact person for this project. Brant Phillips is legal counsel. Please advise me of any additional information you may need. We look forward to working with the Agency on this project.

Respectfully,

John Wellborn

Consultant

## **AFFIDAVIT**

STATE OF _	<u>TENNESSEE</u>	
COUNTY OF	DAVIDSON	

JOHN WELLBORN, being first duly sworn, says that he is the lawful agent of the applicant named in this application, that this project will be completed in accordance with the application to the best of the agent's knowledge, that the agent has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, et seq., and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete to the

of the cot's knowledge.

ubscribed before me this 15th day of September 2014 a Notary

Public in and for the County/State of DAVIDSON

NOTARY-PUBLIC

My commission expires Jul

# ST. JUDE CHILDREN'S RESEARCH HOSPITAL

**MEMPHIS, SHELBY COUNTY** 

# CERTIFICATE OF NEED APPLICATION TO REPLACE AND TO ADD LICENSED PEDIATRIC ACUTE CARE BEDS

Filed September 15, 2014

## PART A

# 1. Name of Facility, Agency, or Institution

St. Jude Children's Research Hospital		
Name		
315 Danny Thomas Place	· ·	Shelby
Street or Route		County
Memphis	TN	38105
City	State	Zip Code

# 2. Contact Person Available for Responses to Questions

John Wellborn	Consultant			
Name	Title			
Development Support Group	jwdsg@comcast.net			
Company Name	E-Mail Address			
4219 Hillsboro Road, Suite 210	Nashville	TN	37215	
Street or Route	City	State	Zip Code	
CON Consultant	615-665-20	)22	615-665-2042	
Association With Owner	Phone Nun	nber	Fax Number	

# 3. Owner of the Facility, Agency, or Institution

St. Jude Children's Research Hospital, Inc.		901-595-5687
Name		Phone Number
262 DannyThomas Place, MS 280		Shelby
Street or Route		County
Memphis	TN	38105-3678
City	State	Zip Code

# 4. Type of Ownership or Control (Check One)

A. Sole Proprietorship		F. Government (State of TN or Political Subdivision)	1:
B. Partnership		G. Joint Venture	
C. Limited Partnership		H. Limited Liability Company	
D. Corporation (For-Profit)		I. Other (Specify):	
E. Corporation (Not-for-Profit)	x		

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS

## 5. Name of Management/Operating Entity (If Applicable) NA

Name		
Street or Route		County
City	State	Zip Code

# 6. Legal Interest in the Site of the Institution (Check One)

A. Ownership		D. Option to Lease
B. Option to Purchase		E. Other (Specify):
C. Lease of 99 Years	X	

## 7. Type of Institution (Check as appropriate—more than one may apply)

A. Hospital (Specify): General	X	I. Nursing Home	
B. Ambulatory Surgical Treatment			
Center (ASTC) Multi-Specialty		J. Outpatient Diagnostic Center	
C. ASTC, Single Specialty		K. Recuperation Center	
D. Home Health Agency		L. Rehabilitation Center	
E. Hospice		M. Residential Hospice	
F. Mental Health Hospital		N. Non-Residential Methadone	
G. Mental Health Residential Facility		O. Birthing Center	
H. Mental Retardation Institutional		P. Other Outpatient Facility	
Habilitation Facility (ICF/MR)		(Specify):	
		Q. Other (Specify):	

# 8. Purpose of Review (Check as appropriate—more than one may apply

1		G. Change in Bed Complement	
		Please underline the type of Change:	
8 0		Increase, Decrease, Designation,	X
A. New Institution		Distribution, Conversion, Relocation	
B. Replacement/Existing Facility		H. Change of Location	
C. Modification/Existing Facility	Х	I. Other (Specify):	
D. Initiation of Health Care Service			
as defined in TCA Sec 68-11-1607(4)			
(Specify)			
E. Discontinuance of OB Service			
F. Acquisition of Equipment			

9. Bed Complement Data

(Please indicate current and proposed distribution and certification of facility beds.) CON approved TOTAL **Beds** Current beds **Proposed** Beds at Staffed Licensed (not in Completion service) **Beds** (Change) Beds 72 +2 70 56 A. Medical B. Surgical C. Long Term Care Hosp. D. Obstetrical 8 8 8 E. ICU/CCU F. Neonatal G. Pediatric H. Adult Psychiatric I. Geriatric Psychiatric J. Child/Adolesc. Psych. K. Rehabilitation L. Nursing Facility (non-Medicaid certified) M. Nursing Facility Lev. 1 (Medicaid only) N. Nursing Facility Lev. 2 (Medicare only) O Nursing Facility Lev. 2 (dually certified for Medicare & Medicaid) P. ICF/MR Q. Adult Chemical Dependency R. Child/Adolescent Chemical Dependency S. Swing Beds T. Mental Health Residential Treatment U. Residential Hospice 80 64 78 **TOTAL** 

10. Medicare Provider Number:	44302
Certification Type:	Hospital
11. Medicaid Provider Number:	44-3302
Certification Type:	Hospital

# A.12. IF THIS IS A NEW FACILITY, WILL CERTIFICATION BE SOUGHT FOR MEDICARE AND/OR MEDICAID?

This is an existing pediatric facility, certified for Medicare, and for TennCare and other States' Medicaid programs. It sees a small number of Medicare-eligible patients each year, but it does not bill Medicare for their care. The facility is an accepted Medicaid provider in 37 States.

A.13. IDENTIFY ALL TENNCARE MANAGED CARE ORGANIZATIONS / BEHAVIORAL HEALTH ORGANIZATIONS (MCO'S/BHO'S) OPERATING IN THE PROPOSED SERVICE AREA. WILL THIS PROJECT INVOLVE THE TREATMENT OF TENNCARE PARTICIPANTS? Yes IF THE RESPONSE TO THIS ITEM IS YES, PLEASE IDENTIFY ALL MCO'S WITH WHICH THE APPLICANT HAS CONTRACTED OR PLANS TO CONTRACT.

DISCUSS ANY OUT-OF-NETWORK RELATIONSHIPS IN PLACE WITH MCO'S/BHO'S IN THE AREA.

St. Jude Children's Research Hospital ("St. Jude" or "SJCRH") is a not-for-profit, charitable research and patient care provider for pediatric patients. The organization provides all of its care without charge to any patient. However, St. Jude does contract with all willing Medicaid programs and other third-party payers, to recover whatever reimbursement is available to its patients.

Because it has a nationwide service area, St. Jude contracts not only with Tennessee's TennCare MCO's listed in Table One on the next page, but also has Medicaid agreements of various types with 36 other States. This does not guarantee that other States' Medicaid programs will reimburse St. Jude, because some will not pay out-of-State providers for non-emergent care or for services that appear to be available in their State. Regardless, St. Jude does what it can to obtain reimbursement, while providing all needed care at its own risk.

Available TennCare MCO's	Applicant's Relationship	
United Healthcare Community Plan	Contracted Statewide	
BlueCare	Contracted Statewide	
TennCare Select	Contracted Statewide	
	Contract for Statewide participation in	
Amerigroup	2015 is being negotiated with October	
	2014 expectation of completion.	

In CY2015, TennCare will award its contracts to only three Statewide MCO's. St. Jude will be contracted to all three of them.

#### SECTION B: PROJECT DESCRIPTION

B.I. PROVIDE A BRIEF EXECUTIVE SUMMARY OF THE PROJECT NOT TO EXCEED TWO PAGES. TOPICS TO BE INCLUDED IN THE EXECUTIVE SUMMARY ARE A BRIEF DESCRIPTION OF PROPOSED SERVICES AND EQUIPMENT, OWNERSHIP STRUCTURE, SERVICE AREA, NEED, EXISTING RESOURCES, PROJECT COST, FUNDING, FINANCIAL FEASIBILITY AND STAFFING.

#### The Applicant

- St. Jude Children's Research Hospital is a unique, not-for-profit pediatric research and patient care hospital, with state-of-the-art research facilities and clinics. It is the only National Cancer Institute-designated Comprehensive Cancer Center devoted solely to children.
- St. Jude improves the health of children with cancer and other life-threatening diseases through patient care, clinical trials and biomedical research. The hospital also focuses on the advancement of scientific knowledge and its rapid translation into new therapies for these children.
- St. Jude has treated children from all 50 states and around the world. On average, 7,800 active patients visit the hospital annually. Treatments developed at St. Jude have helped push the overall childhood cancer survival rate from 20 percent to 80 percent since the hospital opened more than 50 years ago. St. Jude freely shares the breakthroughs it makes, meaning doctors and scientists worldwide can use that knowledge to save thousands more children.
- Because the majority of St. Jude funding comes from individual contributors, St. Jude has the freedom to focus on saving kids regardless of their financial situation. Families never receive a bill from St. Jude for treatment, travel, housing and food. Insurance coverage is not a factor in accepting patients. If a child is accepted for admission and the family does not have insurance, St. Jude will cover all treatment costs. If the family has insurance, St. Jude will work with that health insurance provider and will cover all treatment costs not covered by insurance.
- The St. Jude Affiliate Program is a network of pediatric hematology-oncology clinics, hospitals and universities united to extend the mission of St. Jude. The physicians and staff at these sites work in collaboration with St. Jude staff to deliver protocol-related care to pediatric hematology and oncology patients. Affiliate clinics are located in Louisiana, Alabama, Tennessee, Illinois and Missouri.
- Through the St. Jude Washington University Pediatric Cancer Genome Project, the hospital has completed whole genome sequencing of more than 700 pediatric cancers along with 700 matched normal genomes from the same children. This project has produced significant discoveries for children with tough-to-treat cancers.

## Proposed Services and Equipment

- Three years ago, St. Jude was awarded CN1105-017 for the construction of a nine-story, multi-purpose building referred to at that time as "Tower II". Some of Tower II's floors were to provide acute care services such as Intensive Care and Proton Beam Therapy. Tower Two is now in the final finishing stage and is named the Kay Research and Care Center ("Kay Center" in this application). Its intensive care units will open in November 2014 and its Proton Beam Therapy service will open in 2015.
- At that time of the 2011 CON application, the Kay Center's third, fourth, and fifth floors were to be shelled-in for future use; and that has been done. Now, in this CON application, St. Jude is proposing to build out those three shelled-in floors with 54 licensed private pediatric beds--52 of which will replace older pediatric beds located in St. Jude's Patient Care Center, a 25-year-old building nearby. Each of the three floors in the Kay Center will contain 18 pediatric beds. That will increase St. Jude's acute care license from 78 pediatric beds to 80 pediatric beds. Much more floor space will be provided, not only in patient and parent rooms, but throughout the support areas for families and hospital staff. The project will also finish out two shelled-in connectors linking the Kay Center's fourth and fifth floors to the adjoining Chili's Care Center, and will relocate St. Jude's Respiratory Therapy Department from the Patient Care Center to the Kay Center.

#### Ownership Structure

• The applicant is a not-for-profit corporation that owns no licensed healthcare facility other than St. Jude Children's Research Hospital.

#### Service Area

- St. Jude Children's Research Hospital is a unique national resource with an international service area. In the past year it has served children from 78 of Tennessee's 95 counties. Children have come to St. Jude from all fifty States, the District of Columbia and U.S. overseas territories, and from 54 foreign countries.
- St. Jude's current *Tennessee* primary service area, from which approximately 80% of its Tennessee patients come, consists of six counties in the southwest corner of the State: Shelby, Madison, Tipton, Dyer, Fayette, and Lauderdale Counties. From a *national* perspective, approximately 79% of its U.S. patients come from Tennessee, Mississippi, Louisiana, Arkansas, Alabama, Illinois, and Missouri, with another 6% coming from Florida, Texas, and Kentucky. St. Jude also cared for patients from 54 other countries.

#### Need

• Each pediatric patient room at St. Jude's has an attached parent room so that the child's parents can be near by as much as possible. In the Patient Care Center, the oldest inpatient care building on the campus, the remaining fifty-two medical-surgical patient/parent rooms are undersized by modern standards, and in some ways are difficult

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to use efficiently and comfortably. They have less than optimal exterior light due to small windows. Their bathrooms have no space for showers. Outside the patient/parent rooms, support spaces for the patient, family, and staff are not sufficient in size or in number. The air exchange systems need to be more powerful for positive pressure levels in isolation rooms, and are generally at the stage where they should be modernized or replaced, which would involve construction within the pediatric care areas.

• Consistent with its internal long-range plans, St. Jude is proposing to relocate these inpatient rooms to larger space in its newest Tower, the Kay Research and Care Center. The capacity of the new patient/parent rooms will be increased by 62% and all current limitations and issues of these units will be addressed. It is essential to the bed relocation to also finish out all connectors between the new bed floors and the adjoining Chili's Care Center, and to relocate Respiratory Therapy.

#### **Existing Resources**

• There is no other facility in the State that can meet the needs of the patients served by St. Jude. This is a unique institution whose cutting-edge research in pediatric care requires bed capacity for seriously ill children enrolled in treatment protocols and trials, and special accommodations for their families within the patient care floors.

#### Project Cost, Funding, and Financial Feasibility

- The project cost is estimated at \$62,500,516 for CON purposes--of which \$38,532,296 is the actual capital expenditure required to implement the project. The balance of the CON cost is the market value of the already constructed shelled-in space that the project will occupy. All of the required funding will be provided to the applicant by ALSAC, a unique charity established to underwrite all aspects of St. Jude's programs. ALSAC's financial statements and the Chief Financial Officer's funding commitment letter document the availability of project funding.
- St. Jude has the unique advantage of having no issues of financial feasibility for any service or project it undertakes, because generous donations and ALSAC's substantial cash reserves are made available continuously, to cover all of St. Jude's financial needs that are not covered by other sources of revenue. ALSAC is obligated by its bylaws to support St. Jude, and only St. Jude. St. Jude runs a very large deficit every year in all of its patient care activities; and all of those deficits are covered by contributions from ALSAC. This is how St. Jude's research and patient care programs have been financially feasible for more than fifty years.

#### Staffing

• Fifty-two of the fifty-four beds to be constructed (96%) are replacements for those already in existence at another location on campus. The project will be developed in parallel with an overall expansion of St. Jude's patient care programs; and St. Jude projects that for these inpatient floors, its clinical staff will increase by 48 FTE's by FYE 2018 (July 2017-June 2018).

B.II. PROVIDE A DETAILED NARRATIVE OF THE PROJECT BY ADDRESSING THE FOLLOWING ITEMS AS THEY RELATE TO THE PROPOSAL.

B.II.A. DESCRIBE THE CONSTRUCTION, MODIFICATION AND/OR RENOVATION OF THE FACILITY (EXCLUSIVE OF MAJOR MEDICAL EQUIPMENT COVERED BY T.C.A. 68-11-1601 et seq.) INCLUDING SQUARE FOOTAGE, MAJOR OPERATIONAL AREAS, ROOM CONFIGURATION, ETC.

#### A. Description of the Project

St. Jude Children's Research Hospital in Memphis is nearing completion and occupancy of a nine-floor multi-purpose building now named the Kay Research and Care Center. It contains floors that provide pediatric acute care services, such as a replacement Intensive Care Unit and a large Proton Beam Therapy area. The acute care portions of the new building were approved under CN1105-017, when the building was referred to as "Tower II".

In that prior CON application, the Kay Center's third, fourth, and fifth floors were to be shelled in for future use. Now, three years later, St. Jude is proposing to build out those three floors and two shelled-in connectors between them and an adjoining building.

All three floors will be built out for acute inpatient care. Each floor will contain eighteen private patient rooms, for a total of fifty-four acute care beds. All but two of those beds will be replacement beds for fifty-two beds that are now located in a nearby building, the 25-year-old Patient Care Center. The project will also move the hospital's Respiratory Therapy Department from the Patient Care Building to the Kay Center. These changes will result in a small increase in St. Jude's bed license, from seventy-eight to eighty pediatric beds. Because St. Jude's current license is less than one hundred beds, the two-bed license increase by itself does not require CON approval; but the total project cost does exceed the \$5 million capital expenditure threshold beyond which CON approval is required.

The design of each patient floor is almost exactly identical. Each floor will contain eighteen private patient rooms that are approximately 321 SF in size, including their bathrooms. Because this is a unique pediatric research and care facility, all eighteen patient rooms will have adjoining parent rooms that are approximately 210 SF in size, with bathrooms and showers. Sixteen of the eighteen parent rooms will have direct access (doors into) the patient room. Two patient rooms on each floor are isolation rooms whose adjoining parent rooms will have only visual access (window into) the patient room, to maintain infection control.

Each floor will have two wrap-around nursing stations on opposite corners of the floor, a rehabilitation room, a clinician workroom for medical documentation tasks, a staff lounge, and a variety of staff offices. Each floor will also have a nourishment room, a visitor activity room, a teen room, a child life playroom (for patients and siblings), and a large conference room.

On the Kay Center's third, fourth, and fifth floors, there are connectors to the adjoining Chili's Care Center building. The third floor connector was finished as part of the prior project. The fourth and fifth floor connectors are shelled-in. This project will build them out so that all three patient care floors will have access to the Chili's Center.

Finally, the hospital's Respiratory Therapy Department must be relocated from the older Patient Care Center building to the Plaza (ground) level of the Kay Center. The Department at its new location will have a "ventilators" room with 26 stations, a tank room, a ventilator test room, a Director's office, and an RT office and lounge.

Following this page are several tables that provide additional details of the project. Table Two-A shows the proposed changes in location of beds by floor and building. Table Two-B shows proposed changes in floor space, and the area of renovation, involved in this project (which has no new construction; only build-out). Table Two-C shows the renovation/build-out cost factors for the work proposed in this project. Table Two-D shows the new construction cost factors for shelling in these three floors from 2011 to 2014. The latter was a cost not included in the 2011 CON application, so it is being included in this new project even though it has been completed.

at St. Jude Children	Current Le	Proposed Location	
Building Name	Floors	Beds &Type	Beds & Type
Chili's Care Center	1	0	0
Cimi s care center	2	18 transplant	18 transplant
	3	0	0
	4	0	0
	5	0	0
	6	0	0
Building Subtotal		18	18
Patient Care Center	1	0	0
Tatient Care Center	2	38 med/surg	0
	3	0	0
	4	14 med-surg	0
	5	0	0
Building Subtotal		52	0
Kay Research and Care Center (Tower 2)	1	0	
Care center (10 mer 2)	2	8 pediatric ICU*	8 pediatric ICU
	3	0	18 med/surg
	4	0	18 med/surg
	5	0	18 med/surg
	6	0	0
	7	0	0
	8	0	0
	9	0	0
Building Subtotal		8	62
Total Licensed Beds		78	86

<sup>\*</sup> The ICU beds will move from the Patient Care Center into the new Kay Center in November 2014, as part of the project approved in CN1105-017.

Table Two-B: Changes in Area in This Project					
Floor and Area	Existing Space	Proposed Space (Change)	SF of Renovation	SF of New Construction	SF of Total Construction
Ground Floor Respiratory		1,700 SF		£	
Therapy	1,560 SF	(+9%)	1,700 SF	0	1,700 SF
3 <sup>rd</sup> Floor Patient Care	28,625 SF	28,625 SF	27,242	0	27,242
3 <sup>rd</sup> Floor Connector	4,843 SF	4,843 SF	0	0	0
4 <sup>th</sup> Floor Patient Care	28,625 SF	28,625 SF	27,242	0	27,242
4 <sup>th</sup> Floor Connector	4,843 SF	4,843 SF	4,664 SF	0	4,664 SF
5 <sup>th</sup> Floor Patient Care	28,625 SF	28,625 SF	27,242	0	27,242
5 <sup>th</sup> Floor Connector	4,843 SF	4,843 SF	4,664 SF	0	4,664 SF
Totals	101,964 SF	102,104 SF (+0.1%)	92,754 SF	0	92,754 SF

Note: Existing and proposed areas are stated in gross SF; renovation SF are actual SF being built out or renovated for the project.

Table Two-C: Renovation Costs of this Project			
Renovated Construction New Construction Total Constru			
Square Feet	92,754 SF	0	92,754 SF
Construction Cost	\$27,623,696	0	\$27,623,696
Constr. Cost PSF	\$297.82 PSF	NA	\$297.82 PSF

Table Two-D: Construction Costs of Shelled Floors 3-5, Prior CON Project			
Renovated Construction New		New Construction	Total Construction
Square Feet	0	102,104 SF	102,104 SF
Construction Cost	0	\$23,968,220	\$23,968,220
Constr. Cost PSF	0	\$234.74 PSF	\$234.74 PSF

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#### B. Costs and Funding

The total project cost for CON purposes is \$62,500,516. It consists of two components. The first component is the cost already incurred to construct the three existing shelled floors and connectors--\$23,968,220. That cost was not part of CN1105-017 because at the time, it was not known that the floors would contain reviewable acute care services. But now that the floors have been assigned to acute care use, it is appropriate to include their original costs in this current CON application.

The second component of project cost is the cost to complete the build-outs described in this application--\$38,532,296 including all types of capital expenditures.

As in the prior application, this project will be entirely funded by a cash contribution from ALSAC (American Lebanese Syrian Associated Charities, Inc.), the charitable organization established at the time St. Jude was originally built. ALSAC's only mission and authorized role is to provide funding for the needs of St. Jude Children's Research Hospital.

#### C. Phased Implementation Schedule

If the application receives final CON approval in CY2014, St. Jude intends to start construction in March 2015 and to complete all renovations and license all fifty-four patient beds in the Kay Center before the start of FYE 2017. However, during FYE 2017, Year One of the project, St. Jude plans to staff forty-five of the fifty-four general medical-surgical beds. It will take until FYE 2018 before new treatment protocols will add sufficient patients and trained staff to open the remaining nine beds for patient care.

## D. The Applicant-Ownership

The applicant, St. Jude Children's Research Hospital Inc., is a not-for-profit corporation organized in Tennessee. It owns no licensed health care facilities other than St. Jude Children's Research Hospital in Memphis.

#### E. Floor Plans of the Project

The Attachments section of this application contains a set of drawings of the proposed patient floors, connectors, and the Respiratory Therapy Department that will be renovated in this project. Following this page are selected plans from those Attachments.

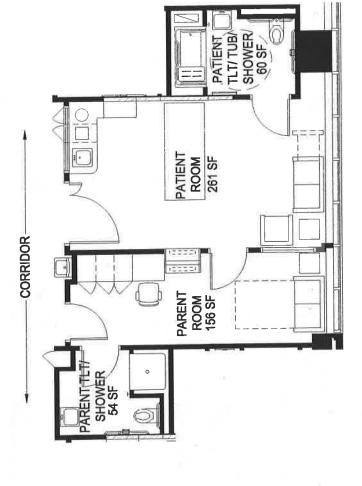
First is a comparison between the spaces and layouts of the current Patient Care Center medical-surgical rooms and the Kay Center rooms that are proposed to replace them. As shown in Table Three below, both the pediatric patient and the patient's parents will have much larger spaces. In addition to more floor space, both the patient and the parent bathrooms on the new floors will gain showers, and the parent rooms will gain direct access into their child's room (except for the six isolation rooms in the project).

	ble Three: Space Comparising and New Patient/Parent I	
Space	Existing SF	Proposed SF (Change)
Patient Room	165 SF	261 SF
Patient Bathroom	42 SF	60 SF
Subtotal, Patient Space	207 SF	321 SF (+55%)
Parent Room	89 SF	156 SF
Parent Bathroom	31 SF	54 SF
Subtotal, Parent Space	120 SF	210 SF (+75%)
Total Patient/Parent Room	327 SF	531 SF (+62%)

The second and third following pages are a two-part enlargement of a typical patient floor, making the room labels easier to read than in the single page floor plans in the Attachments.



343 North Main Street Memphis, Tennessee 38103 Telephone: 901.525.5344 Facsimile: 901.525.5420



PATIENT ROOM 165 SF

CORRIDOR

**EXISTING PATIENT/ PARENT ROOMS** (PATIENT CARE CENTER) 1/8"=1'-0"

PARENT TLT 31 SF

PARENT ROOM 89 SF

PROPOSED PATIENT/ PARENT ROOMS

(TOWER 2) 1/8"=1'-0"

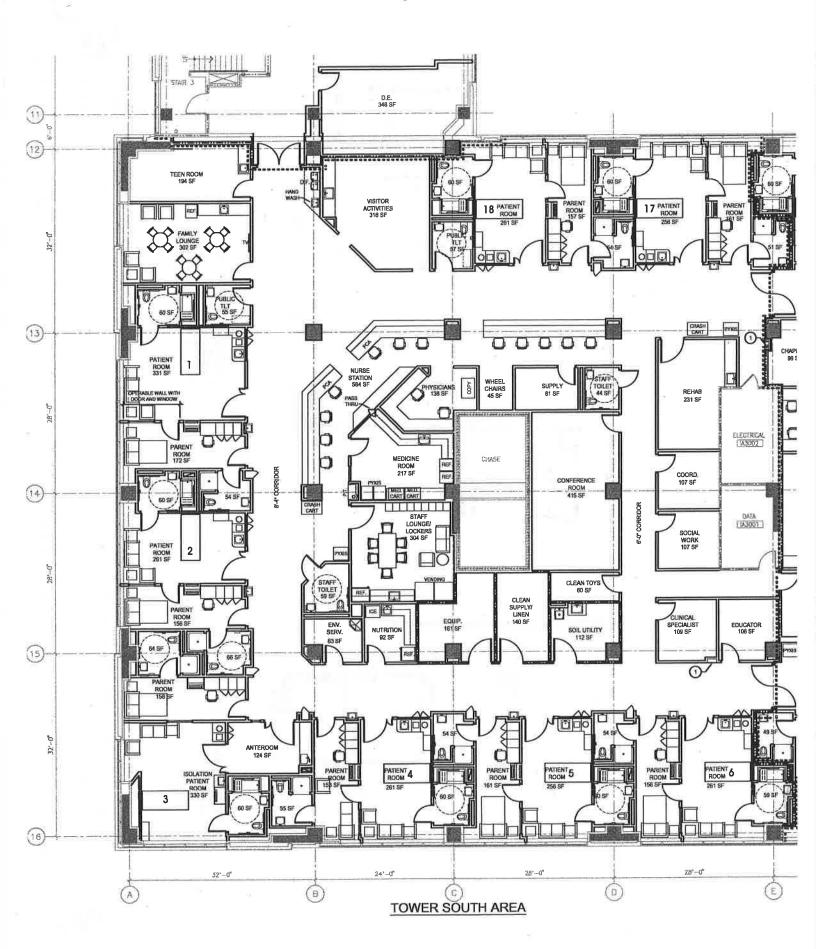
Tower 2 - Inpatient Rooms - Floors 3, 4 & 5

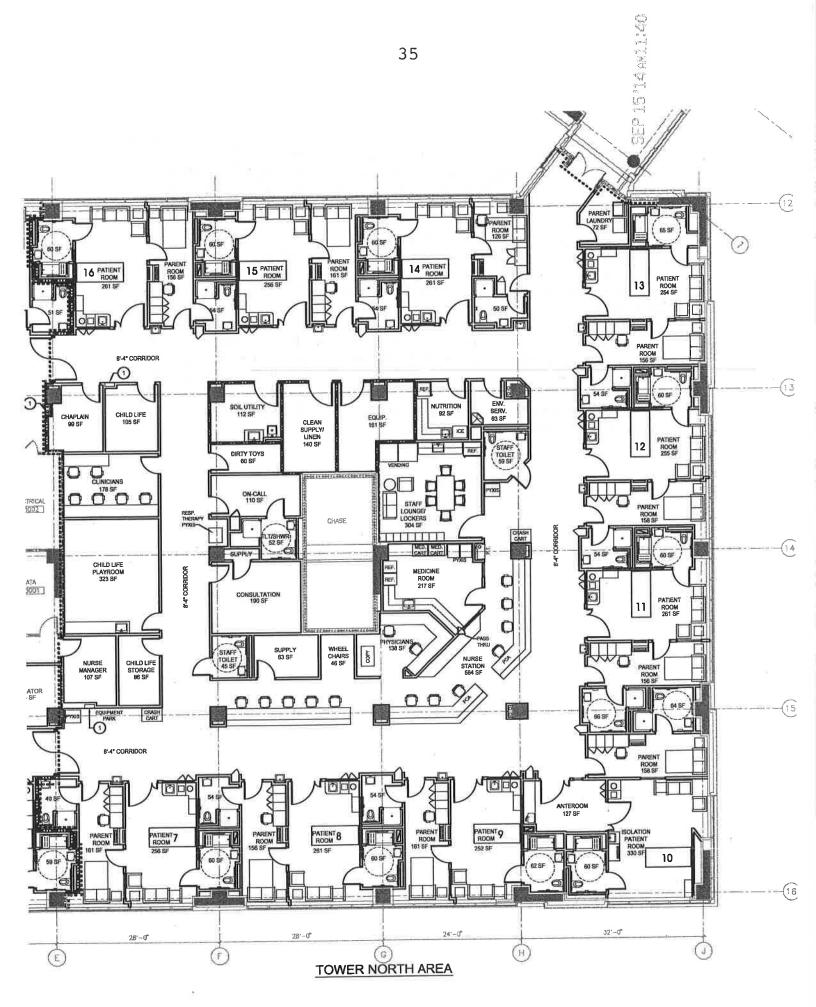
315 Danny Thomas Place, Memphis, TN 38105 for

St. Jude Children's Research Hospital



PATIENT TLT





APPLICANTS WITH HOSPITAL PROJECTS (CONSTRUCTION COST IN EXCESS OF \$5 MILLION) AND OTHER FACILITY PROJECTS (CONSTRUCTION COST IN EXCESS OF \$2 MILLION) SHOULD COMPLETE THE SQUARE FOOTAGE AND COSTS PER SQUARE FOOTAGE CHART.

UTILIZING THE ATTACHED CHART, APPLICANTS WITH HOSPITAL PROJECTS SHOULD COMPLETE PARTS A-E BY IDENTIFYING, AS APPLICABLE, NURSING UNITS, ANCILLARY AREAS, AND SUPPORT AREAS AFFECTED BY THIS PROJECT. PROVIDE THE LOCATION OF THE UNIT/SERVICE WITHIN THE EXISTING FACILITY ALONG WITH CURRENT SQUARE FOOTAGE, WHERE, IF ANY, THE UNIT/SERVICE WILL RELOCATE TEMPORARILY DURING CONSTRUCTION AND RENOVATION, AND THEN THE LOCATION OF THE UNIT/SERVICE WITH PROPOSED SQUARE FOOTAGE. THE TOTAL COST PER SQUARE FOOT SHOULD PROVIDE A BREAKOUT BETWEEN NEW CONSTRUCTION AND RENOVATION COST PER SQUARE FOOT. OTHER FACILITY PROJECTS NEED ONLY COMPLETE PARTS B-E.

See Attachment B.II.A for this Chart.

## PLEASE ALSO DISCUSS AND JUSTIFY THE COST PER SQUARE FOOT FOR THIS PROJECT.

Hospital construction projects approved by the HSDA in 2011-2013 had the following construction costs per SF:

Ŋ	Table Four-A: Hospital Years: 2	Construction Cost 011-2013	PSF
	Renovated Construction	New Construction	Total Construction
1 <sup>st</sup> Quartile	\$107.15/sq ft	\$235.00/sq ft	\$151.56/sq ft
Median	\$179.00/sq ft	\$274.63/sq ft	\$227.88/sq ft
3 <sup>rd</sup> Quartile	\$249.00/sq ft	\$324.00/sq ft	\$274.63/sq ft

Source: HSDA, from CON approved applications during 2011-2013.

As shown in Table Four-B below, the construction cost for the three floors, the connectors, and the Respiratory Therapy area, if one combines the already completed shelled space costs and the proposed build-out costs in this current application, is \$505.29 PSF, which significantly exceeds the State average Total Construction cost listed in Table Four-A above.

However, this *current* application's proposed build-out/ renovation cost is estimated at approximately \$297.82 PSF, which is only slightly above the third quartile Statewide average.

Table Four-B:	This ProjectPrior No	ew Construction Plu	s Build-out Costs
	Shelled Areas (Completed)	Build-out (Proposed)	Total Area of Completed Floors
Square Feet	102,104 SF	92,754 SF	102,104 SF
Construction Cost	\$23,968,220	\$27,623,696	\$51,591,916
Constr. Cost PSF	\$234.74 PSF	\$297.82 PSF	\$505.29 PSF

# IF THE PROJECT INVOLVES NONE OF THE ABOVE, DESCRIBE THE DEVELOPMENT OF THE PROPOSAL.

Not applicable.

B.II.B. IDENTIFY THE NUMBER AND TYPE OF BEDS INCREASED, DECREASED, CONVERTED, RELOCATED, DESIGNATED, AND/OR REDISTRIBUTED BY THIS APPLICATION. DESCRIBE THE REASONS FOR CHANGE IN BED ALLOCATIONS AND DESCRIBE THE IMPACT THE BED CHANGE WILL HAVE ON EXISTING SERVICES.

Please see Table Two-A on page Eleven of the application for an illustration of proposed changes in locations and numbers of licensed beds. The project will move fifty-two licensed private rooms from St. Jude campus's Patient Care Center to its new Kay Research and Care Center, within the same campus. Those are (and will remain) designated as pediatric medical-surgical beds. At the same time, the project will add two new pediatric medical-surgical beds to St. Jude's licensed complement, so that a total of fifty-four licensed beds--eighteen per floor--can be provided on the third, fourth, and fifth floors of the Kay Center. There are no changes in bed assignments.

The most important reasons for relocating the beds are to have space to enlarge patient and family rooms, and to provide more and larger activity spaces on patient floors for patients, their families, and the professional staff of the hospital. The changes will allow all eighty of St. Jude's licensed beds to be in service during FYE 2018. At the current time, crowded conditions and infrastructure issues in the Patient Care Center have caused St. Jude to hold 14 licensed beds unstaffed temporarily. In FYE 2017, nine private beds will be held unstaffed as utilization builds, but all licensed beds will be staffed in FYE 2018 and beyond.

B.II.C. AS THE APPLICANT, DESCRIBE YOUR NEED TO PROVIDE THE FOLLOWING HEALTH CARE SERVICES (IF APPLICABLE TO THIS APPLICATION):

- 1. ADULT PSYCHIATRIC SERVICES
- 2. ALCOHOL AND DRUG TREATMENT ADOLESCENTS >28 DAYS
- 3. BIRTHING CENTER
- 4. BURN UNITS
- 5. CARDIAC CATHETERIZATION SERVICES
- 6. CHILD AND ADOLESCENT PSYCHIATRIC SERVICES
- 7. EXTRACORPOREAL LITHOTRIPSY
- 8. HOME HEALTH SERVICES
- 9. HOSPICE SERVICES
- 10. RESIDENTIAL HOSPICE......

(list partially omitted)

## A. Why Inpatient Beds Need to be Replaced

St. Jude needs to replace the 52 beds currently in its Patient Care Center with replacement beds in its new Kay Center, for several reasons. The existing patient rooms in the Patient Care Center are two decades old, and no longer conform to St. Jude design standards. They have limited outside light due to relatively small exterior windows. Patient rooms are too small for current technology and care teams. There is not enough floor space in the patient room to place all medical equipment on one side of the bed. This requires nurses to move back and forth from one side of the bed to the other side, while providing care. That is time-consuming and inefficient. Parents are often in their child's room standing up, moving around, or sitting on a sleeper sofa. Space around the bedside is limited--especially if the sleeper couch is open in the night (it must be stepped over to access the bed). Parent rooms adjoin every patient room; but the parent room has only an observation window into the patient room. To visit their child, parents must exit their parent room into the hallway, and enter their child's room by its hallway door. There is not enough room in existing patient or parent bathrooms to provide showers. Nor is there sufficient space in either patient or parent rooms to fully open sleeper couches without making that area of the room almost impassable.

In terms of infrastructure, the building's air systems provide less positive pressure for isolation room air changes than newer systems can provide, and twenty years of lint buildups throughout the ductwork are now difficult to fully address.

#### B. Proposed Improvements in the Inpatient Units

St. Jude has accordingly determined to move all of the Patient Care Center's acute care beds to the newer Kay Center tower. The new design will address all of the needs outlined above. Rooms will be much larger in size, as shown in Table Three of this application. Overall, the new patient/parent room combination will be 62% larger than those being replaced. Patient rooms and bathrooms will be 55% larger and parent rooms and bathrooms will be 75% larger. There will be room for all clinical equipment to be stationed on one side of the patient bed, making nursing care more efficient. There will be room for parents, patients, and clinicians to be present in patient rooms without congestion and without interference with one another. With more room between the patient bed and other room furnishings, patient risks of falling will be reduced. External windows in the patient rooms will be larger, providing more daylight. All bathrooms will have showers. All parent rooms except those attached to the isolation rooms will have internal doors providing private access to the child's room. Sleeper couches can be opened without impeding movement through the room. Newer air handling systems will provide more powerful positive air pressure in the isolation rooms; and modern technology will provide superior air filtration throughout the patient floors.

In other areas of each floor, there will be greatly improved activity and support space for patients, patient families, and hospital and medical staff. The child life playrooms will be larger and will have access to more storage for toys. A family lounge, teenager room, and a visitors' activity room will be provided. A conference room will be provided, which can also be used as a team room for collaboration of the treatment teams. There will be increased office space, physician workspace, clinician workspace, and a dedicated rehabilitation room. All of these improvements will enhance the programs of patient care are St. Jude, improve the experience of patients and their families, and provide greater efficiencies for the caregiver staffs.

#### B. The Need to Add Two Private Beds to the License

Under the CON statute, the addition of two licensed beds is not reviewable under the CON statute, because St. Jude's current and proposed licensed complements are, and will remain, less than one hundred beds.

However, there is a reasonable need to construct these two additional beds. Each floor is sized to hold and to support eighteen patients. To keep two beds unfinished on one floor is not a reasonable option. It saves no significant capital cost, since an already-constructed shelled floor in a patient tower cannot reduce its footprint. Nor would it be optimal to subject a pediatric floor to any additional construction if avoidable, just to finish two patient rooms at some later time.

In addition, as described later in the application, St. Jude has committed to expand its patient care activities between now and FYE 2020, and utilization projections show that the two additional licensed beds will be utilized in the near future.

### C. The Need to Replace Respiratory Therapy

This department is currently located in the same building with the 52 beds that this project will replace in another building. Respiratory Therapy must follow the inpatients to their new location. There will not be any acute inpatient care left in the Patient Care Center, once this is implemented.

# B.II.D. DESCRIBE THE NEED TO CHANGE LOCATION OR REPLACE AN EXISTING FACILITY.

Not applicable.

B.II.E. DESCRIBE THE ACQUISITION OF ANY ITEM OF MAJOR MEDICAL EQUIPMENT (AS DEFINED BY THE AGENCY RULES AND THE STATUTE) WHICH EXCEEDS A COST OF \$1.5 MILLION; AND/OR IS A MAGNETIC RESONANCE IMAGING SCANNER (MRI), POSITRON EMISSION TOMOGRAPHY (PET) SCANNER, EXTRACORPOREAL LITHOTRIPTER AND/OR LINEAR ACCELERATOR BY RESPONDING TO THE FOLLOWING:

- 1. For fixed site major medical equipment (not replacing existing equipment):
  - a. Describe the new equipment, including:
    - 1. Total Cost (As defined by Agency Rule);
    - 2. Expected Useful Life;
    - 3. List of clinical applications to be provided; and
    - 4. Documentation of FDA approval.
  - b. Provide current and proposed schedule of operations.
- 2. For mobile major medical equipment:
  - a. List all sites that will be served;
  - b. Provide current and/or proposed schedule of operations;
  - c. Provide the lease or contract cost;
  - d. Provide the fair market value of the equipment; and
  - e. List the owner for the equipment.
- 3. Indicate applicant's legal interest in equipment (e.g., purchase, lease, etc.) In the case of equipment purchase, include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

Not applicable. There is no major medical equipment in this project.

B.III.A. ATTACH A COPY OF THE PLOT PLAN OF THE SITE ON AN 8-1/2" X 11" SHEET OF WHITE PAPER WHICH MUST INCLUDE:

- 1. SIZE OF SITE (IN ACRES);
- 2. LOCATION OF STRUCTURE ON THE SITE;
- 3. LOCATION OF THE PROPOSED CONSTRUCTION; AND
- 4. NAMES OF STREETS, ROADS OR HIGHWAYS THAT CROSS OR BORDER THE SITE.

PLEASE NOTE THAT THE DRAWINGS DO NOT NEED TO BE DRAWN TO SCALE. PLOT PLANS ARE REQUIRED FOR ALL PROJECTS.

See Attachment B.III.A.

B.III.B.1. DESCRIBE THE RELATIONSHIP OF THE SITE TO PUBLIC TRANSPORTATION ROUTES, IF ANY, AND TO ANY HIGHWAY OR MAJOR ROAD DEVELOPMENTS IN THE AREA. DESCRIBE THE ACCESSIBILITY OF THE PROPOSED SITE TO PATIENTS/CLIENTS.

The hospital is located on a 66-acre, gated and fenced campus in downtown Memphis. Most of the campus is bounded by North 3rd Street, Auction Avenue (SR 14), North Danny Thomas Boulevard (U.S. 51), and Interstate 40. Location maps are provided in Attachment B.III along with the project site plan. St. Jude is located in a well-known downtown hospital district, only one block to the north of I-40. The campus can be reached by municipal bus lines. However, its pediatric patients come from all over the nation and the world. Physical access to the campus is not an issue. Many are flown in, or driven in, from counties and States that are very far from Memphis. Those who drive, come via the national interstate network, connecting near Memphis to Interstate 40 (running east to west from North Carolina to California), or Interstate 55 (running north to south from Illinois to Louisiana). U.S. Highways 51, 61, 63, 64, 72, and 78 also connect a multi-State region to downtown Memphis. The Table below shows mileage and drive times to St. Jude from the county seats of the six counties comprising its Tennessee primary service area.

Table Five: Between Project and Major Comm	Mileage and Drive T nunities in the Tenne		Service Area
	County / State	Distance	Drive Time
1. Memphis/Bartlett/Germantown	Shelby / TN	< 30 miles	< 30 min.
2. Jackson	Madison / TN	84.7 miles	88 min.
3. Covington	Tipton / TN	42.3 miles	53 min.
4. Dyersburg	Dyer / TN	78.7 miles	92 min.
5. Somerville	Fayette /TN	41.4 miles	56 min.
6. Ripley	Lauderdale /TN	56.8 miles	71 min.

Source: Google Maps, September 2014.

B.IV. ATTACH A FLOOR PLAN DRAWING FOR THE FACILITY WHICH INCLUDES PATIENT CARE ROOMS (NOTING PRIVATE OR SEMI-PRIVATE), ANCILLARY AREAS, EQUIPMENT AREAS, ETC.

See attachment B.IV.

#### IV. FOR A HOME CARE ORGANIZATION, IDENTIFY

- 1. EXISTING SERVICE AREA (BY COUNTY);
- 2. PROPOSED SERVICE AREA (BY COUNTY);
- 3. A PARENT OR PRIMARY SERVICE PROVIDER;
- 4. EXISTING BRANCHES AND/OR SUB-UNITS; AND
- 5. PROPOSED BRANCHES AND/OR SUBUNITS.

Not applicable. The application is not for a home care organization.

#### C(I) NEED

- C(I).1. DESCRIBE THE RELATIONSHIP OF THIS PROPOSAL TO THE IMPLEMENTATION OF THE STATE HEALTH PLAN AND TENNESSEE'S HEALTH: GUIDELINES FOR GROWTH.
- A. PLEASE PROVIDE A RESPONSE TO EACH CRITERION AND STANDARD IN CON CATEGORIES THAT ARE APPLICABLE TO THE PROPOSED PROJECT. DO NOT PROVIDE RESPONSES TO GENERAL CRITERIA AND STANDARDS (PAGES 6-9) HERE.
- B. APPLICATIONS THAT INCLUDE A CHANGE OF SITE FOR A HEALTH CARE INSTITUTION, PROVIDE A RESPONSE TO GENERAL CRITERION AND STANDARDS (4)(a-c).

Project-Specific Review Criteria: Construction, Renovation, Expansion, and Replacement of Health Care Institutions

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

Not applicable. The project adds two licensed acute care beds, but because St. Jude has fewer than one hundred licensed beds and the proposed addition will not cause the licensed complement to exceed one hundred beds, the addition is statutorily exempt from CON review. Therefore there are no review standards specific to the license increase. The project does not include any new services or any additional major medical equipment; therefore none of those review criteria apply to the project.

- 2. For relocation or replacement of an existing licensed healthcare institution:
- a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.
- b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

Criterion #2 is not applicable because the hospital is not being replaced or moved.

- 3. For renovation or expansion of an existing licensed healthcare institution:
- a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

St. Jude projects that its pediatric medical-surgical bed utilization will increase at 10% annually through FYE 2018 (Year Two of this project). That will result in approximately 75% average annual occupancy on a total complement of eighty licensed beds. Beyond Year Two, further growth in utilization is anticipated as St. Jude continues to expand its research programs and its enrollment of pediatric patients into those programs.

b. the applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

As explained in Section B.II.C (Project Need), the inpatient rooms being replaced are in one of the oldest buildings on the campus and are more than twenty years old. The units are in great need of expansion. Neither the patient rooms nor their support spaces are adequate. There is no way to expand the inpatient care units at their present locations, on the second and fourth floors of a multi-story building.

## The Framework for Tennessee's Comprehensive State Health Plan

Five Principles for Achieving Better Health

The following Five Principles for Achieving Better Health serve as the basic framework for the State Health Plan. After each principle, the applicant states how this CON application supports the principle, if applicable.

#### 1. Healthy Lives

The purpose of the State Health Plan is to improve the health of Tennesseans. Every person's health is the result of the interaction of individual behaviors, society, the environment, economic factors, and our genetic endowment. The State Health Plan serves to facilitate the collaboration of organizations and their ideas to help address health at these many levels.

St. Jude has extensive programs of collaboration with hospital systems, scientific bodies, educational institutions, and health professionals across the United States and in dozens of foreign countries. These efforts help speed the translation of research findings into patient care processes worldwide.

#### 2. Access to Care

Every citizen should have reasonable access to health care.

Many elements impact one's access to health care, including existing health status, employment, income, geography, and culture. The State Health Plan can provide standards for reasonable access, offer policy direction to improve access, and serve a coordinating role to expand health care access.

St. Jude is fortunate to be able to serve its patients without regard to their ability to pay for care. The only access limitation to St. Jude's is its requirement to provide most of its care under research protocols.

#### 3. Economic Efficiencies

The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system. The State Health Plan should work to identify opportunities to improve the efficiency of the state's health care system and to encourage innovation and competition.

The replacement of older inpatient areas with newer and larger areas will provide additional efficiencies for St. Jude's caregiver staff.

#### 4. Quality of Care

Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers. Health care providers are held to certain professional standards by the state's licensure system. Many health care stakeholders are working to improve their quality of care through adoption of best practices and data-driven evaluation.

St. Jude is an evidence-based, outcomes-driven research institution. It has demonstrated a high degree of compliance with quality standards of the medical profession, the research community, and regulators at all levels of government. The work done at St. Jude helps define quality of care practices and documentation for pediatric patients nationwide.

#### 5. Health Care Workforce

The state should support the development, recruitment, and retention of a sufficient and quality health care workforce. The state should consider developing a comprehensive approach to ensure the existence of a sufficient, qualified health care workforce, taking into account issues regarding the number of providers at all levels and in all specialty and focus areas, the number of professionals in teaching positions, the capacity of medical, nursing, allied health and other educational institutions, state and federal laws and regulations impacting capacity programs, and funding.

The educational processes carried out at St. Jude strongly support the development of highly qualified practitioners and the improvement of care at facilities across the United States and the world.

# C(I).2. DESCRIBE THE RELATIONSHIP OF THIS PROJECT TO THE APPLICANT'S LONG-RANGE DEVELOPMENT PLANS, IF ANY.

The project has been identified as a high priority in St. Jude's current long-range campus plan, which calls for substantial expansion of research and care programs between now and FYE 2020. It is necessary to replace these beds in a more spacious setting in order to fully utilize existing bed capacity in the most efficient way.

C(I).3. IDENTIFY THE PROPOSED SERVICE AREA AND JUSTIFY THE REASONABLENESS OF THAT PROPOSED AREA. SUBMIT A COUNTY-LEVEL MAP INCLUDING THE STATE OF TENNESSEE CLEARLY MARKED TO REFLECT THE SERVICE AREA. PLEASE SUBMIT THE MAP ON A 8-1/2" X 11" SHEET OF WHITE PAPER MARKED ONLY WITH INK DETECTABLE BY A STANDARD PHOTOCOPIER (I.E., NO HIGHLIGHTERS, PENCILS, ETC.).

A map provided in Attachment C, Need--3 shows St. Jude's Tennessee primary service area, and the location of that area within the State of Tennessee. The hospital's *Tennessee* primary service area consists of six West Tennessee counties: Shelby, Dyer, Fayette, Lauderdale, Madison, and Tipton Counties. In the past 12 months, they contributed approximately 79.7% of St. Jude's *Tennessee* admissions.

However, Tennessee patients do not constitute St. Jude's actual primary service area population. Last year St. Jude received admissions and visits from 78 of Tennessee's 95 counties, from 53 U.S. States and U.S. Territories, and from 54 countries. Only 30.4% of its patients came from the six Tennessee counties listed above; and five of those six counties contributed less than 1% of St. Jude's total patients. St. Jude's actual total primary service area, from which 86% of its patients came, consisted of ten U.S. States: Tennessee, Mississippi, Louisiana, Arkansas, Alabama, Illinois, Missouri, Florida, Texas, and Kentucky. Tables Six-A and Six-B on the next two pages provide details of patient origin within the United States.

As those tables show, this unique hospital has an extremely dispersed nationwide service area. Mapping it may not be informative, because it would include four States (Louisiana, Illinois, Florida, Texas) that are far from Tennessee. The underlying cause of this widely dispersed patient origin is that while pediatric cancer is the leading cause of death by disease in children under the age of 18, pediatric cancer and other catastrophic illnesses treated by St. Jude are nevertheless relatively rare, so it requires a very large geographical area to generate a substantial number of pediatric cancer cases for research purposes.

TN County	SJ Patients	Percent of Tennessee Patients	Cumulative Tennessee Patients	Cumulative Percemt of Tennessee Patients	Percent of SJ Patients	Cumulative Percent of S Patients
Shelby	2079	70.45%	2079	70.45%	26.87%	26,87
Madison	74	2.51%	2153	72.96%	0.96%	27,82
Tipton	72	2.44%	2225	75,40%	0.93%	28.75
Ууег	49	1.66%	2274	77,06%	0,63%	29.39
ayette	42	1.42%	2316	78,48%	0.54%	29.93
auderdale	36	1,22%	2352	79,70%	0.47%	30,40
					0.44%	30.83
Sullivan	34	1.15%	2386	80.85%		
Sibson	34	1,15%	2420	82.01%	0,44%	31,2
lamiton	28	0.95%	2448	82.95%	0.36%	31.6
Obion	28	0.95%	2476	83.90%	0,36%	32.0
IcNairy	25	0,85%	2501	84,75%	0,32%	32.3
Veakley	24	0.81%	2525	85,56%	0.31%	32.8
Vashington	23	0.78%	2548	86,34%	0,30%	32.9
nox	22	0.75%	2570	87.09%	0.28%	33.2
laywood	18	0.81%	2588	87.70%	0.23%	33.4
tumerrord		0.51%	2605	88.28%	0.22%	33.6
	17					_
reene	14	0.47%	2619	88,75%	0.18%	33.8
(ardeman	14	0.47%	2633	89.22%	0.18%	34.0
fenderson	14	0.47%	2647	89.70%	0.18%	34.2
tenty	14	0.47%	2661	90.17%	0.18%	34.3
lardin	13	0.44%	2674	90.61%	0.17%	34.5
avidson	12	0.41%	2686	91.02%	0.16%	34.7
arter	11	0.37%	2897	91,39%	0.14%	34.8
						35.0
lawkins	11	0.37%	2708	91.77%	0,14%	
hester	10)	0,34%	2718	92.10%	0,13%	35.1
awrence	8	0,30%	2727	92.41%	0.12%	35.2
Villiamson	9	0.30%	2736	92.71%	0.12%	35,3
iradiey	0	0.27%	2744	92.99%	0.10%	35.4
rockett	0	0.27%	2752	93.26%	0,10%	35.5
arroll	7	0.24%	2759	93 49%	0.09%	35.6
Incoln		0.24%	2766	93.73%	0.09%	35.7
	7					
/cMinn	7	0.24%	2773	93,97%	0.09%	35.8
eonno	7	0.24%	2780	84.21%	0,09%	35,9
umner	7	0.24%	2787	94.44%	0.09%	30,0
ловтьоп	6	0.20%	2793	94.65%	0.08%	36.0
Hount	6	0.17%	2798	94.82%	0.06%	36,1
offee	5	0.17%	2803	94,98%	0.08%	36,2
lambien	5			95,15%	0.06%	36.2
ale	5	0.17%		95,32%	0.06%	36.3
апог					0.05%	
	4	0.14%		95.48%	-	
efferson	4			95.59%	0.05%	36,4
ohnson	4	0.14%		96.73%	0.06%	36,6
entress	3	0.10%	2828	95.83%	0.04%	36,5
een :	3	0.10%	2831	95.93%	0.04%	36,5
Aarion	4	0.14%	2835	96.07%	0,05%	36.6
rionigomery	3	0.10%	2838	96,17%	0.04%	36,6
olk	3		2841	98.27%	0,04%	36.7
levier	3			96,37%	0.04%	_
					0.04%	_
Vayne				96.48%		
nome	2				0.03%	_
Cocke	2			-	-	_
Dickson	- 3	0.07%	2853	96,68%	0.03%	36,8
Grundy	- 2		2855	96,75%	0,03%	36.9
lickman	2		2857	96.81%	0,03%	36,9
ewis	1 2			_		
oudon						-
iisńanaly						_
	- 3			-		-
Viason						
Viaury	- 2					
Moore	- 2	0.079	2869	97,22%		
<sup>2</sup> utnam		0.079	2871	97,29%	0.03%	
Stewart		0.079	2873	97.36%	0,03%	37.1
Cumberland			2874	97.39%	0.01%	37.1
Decatur		-			-	37.1
Siles	- 1					-
3rainger			-			-
					1	-
lancock		-				_
-lumphreys		0.039	-		-	-
Jackson		0.039	2880	97.59%	0.01%	-
Meigs		0.039	2881	97.63%	0.01%	37.2
viorgan			2882	97,66%	0.01%	37.2
Roane	-				-	$\leftarrow$
Scott				-		-
						_
Sequatchie						-
Smith		0.039				-
Unicoi		0.039	6 2887	97.83%	0.01%	_
Warren		0.039	6 2886	97.87%	0.01%	37.3
ZZ-Unidentified	6:	2,139	6 2951	100.00%	0.819	38,

		Percent of SJ		Cumulative
State	SJ Patients From State	Patients From State	Cumulative Patients at SJ	Percent of All Patients
ΓN	2,951	38.14%	2,951	38.149
<b>VIS</b>	1,107	14.31%	4,058	52.449
Ā	760	9.82%	4,818	62.269
AR	462	5.97%	5,280	68.23%
AL	291	3.76%	5,571	72.009
L	287	3.71%	5,858	75.70%
MO	273	3,53%	6,131	79.239
L	200	2,58%	6,331	81.829
TX	167	2.16%	6,498	83.98%
(Y	133	1.72%	6,631	85.69%
VA.	122	1.58%	6,753	87.279
GA	113	1.46%	6,866	88.739
OK .		1.41%	$\overline{}$	90.149
	109		6,975	
CA N	87	1.12%	7,062	91.269
N	80	1.03%	7,142	92.309
HC	56	0.72%	7,198	93.029
VC .	55	0.71%	7,253	93.739
KS .	53	0.68%	7,306	94,429
SC	48	0.62%	7,354	95.049
PR	44	0.59%	7,398	95.639
VII	41	0.53%	7,439	96.169
VΥ	30	0.39%	7,469	96.559
PÁ	20	0.26%	7,489	96.809
AZ	21	0.27%	7,510	97.07%
MD	21	0.27%	7,531	97.35%
A	19	0.25%	7,550	97.59%
VÍN	15	0.19%	7,565	97.79%
M	15	0.19%	7,580	97.989
U	14	0.18%	7,594	98.16%
00	13	0.17%	7,607	98.339
w	12	0.16%	7,619	98.489
СТ	11	0.14%	7,630	98.639
NE	11	0.14%	7,641	98.77%
JT	10	0.13%	7,651	98.909
WA	10	0.13%	7,661	99.03%
MA				
VIM.	9	0.12%	7,670	99.149
NV	9	0.12%	7,679	99.269
	9	0.12%	7,688	99.389
OR ANY	9	0.12%	7,697	99.499
W	8	0.10%	7,705	99.599
MT	7	0.09%	7,712	99.69%
DC	5	0.06%	7,717	99.759
DE	3	0.04%	7,720	99.799
NH	3	0.04%	7,723	99.839
VT	3	0.04%	7,726	99.879
D	2	0.03%	7,728	99.899
SD	2	0.03%	7,730	99.92%
AK	1	0.01%	7,731	99.939
HI	1	0.01%	7,732	99.949
ME	1	0.01%	7,733	99.96%
ND	1	0.01%	7,734	99.97%
UNIDENT	1	0.01%	7,735	99.989
			7,738	100.009

Source: SJCRH records.

# C(I).4.A DESCRIBE THE DEMOGRAPHICS OF THE POPULATION TO BE SERVED BY THIS PROPOSAL.

The applicant's relevant Tennessee primary service area demographic characteristics are shown in Table Seven on the following page. The service area's total population is increasing at 1.6% between 2014 and 2018, while Tennessee's is increasing by 3.7% in that period. The pediatric population aged 0-17 (the only age cohort served by this project) will decrease by 1.4% in that period, while the Statewide pediatric population will increase by 1.4%. By 2018, the declining pediatric population and the increasing total population will result in the primary service area's having a 3% decrease in the pediatric population's percentage of total population--from approximately a fourth of the total population to approximately a fifth.

The service area has a higher percentage of its population enrolled in TennCare than the State: 23.9% vs. 18.8%. Its percent of population living in poverty is also higher than the State's: 19.6% vs. 17.3%. Its median household income is approximately equal to the State median income: \$44,650 vs. a State income of \$44,140.

However, as stated in preceding sections, the hospital's actual primary service area is national, consisting of ten U.S. States. Their collective demographic characteristics do not appear relevant to a project with such a small patient population.

Table Seven:	Seven: De	mographi St. Juc	Demographic Characteristics of Tennessee Primary Service Area St. Jude Children's Research Hospital	tics of Ten Research	nessee Prir Hospital	mary Servic	e Area	
			2014	2014-2018				
Demographic	DYER	FAYETTE	LAUDERDALE County	MADISON	SHELBY	TIPTON	TENNESSEE	STATE OF TENNESSEE
Median Age-2010 US Census	39.3	41.9	36.4	36.8	34.6	36.6	37.6	38.0
Total Population-2014	38,218	40,930	27,341	99,555	943,812	63,865	1,213,721	869'885'9
Total Population-2018	38,427	44,888	27,125	100,101	954,012	67,545	1,232,998	6,833,509
Total Population-% Change 2014 to 2018	-2.8%	5.4%	-5.6%	0.7%	-1.6%	-3.0%	1.6%	3.7%
Age 0-17 Population-2014	9,027	8,585	962'9	23,759	239,179	15,618	302,564	1,504,991
% of Total Population	23.6%	21.0%	23.4%	23.9%	25.3%	24.5%	24.9%	22.8%
Age 0-17 Population-2018	8,775	9,045	920'9	23,915	235,401	15,155	298,326	1,526,152
% of Total Population	22.8%	20.2%	22.2%	23.7%	24.7%	22.4%	24.2%	22.3%
Age 0-17 Population- % Change 2014-2018	-2.8%		-5.6%	0.7%	-1.6%	-3.0%		1.4%
Median Household Income	\$38,167	\$56,297	\$32,987	\$42,348	\$46,251	\$51,847	\$44,650	\$44,140
TennCare Enrollees (9/14)	6,393	680'9	7,108	21,610	234,528	11,941	590,669	1,241,028
Percent of 2014 Population Enrolled in TennCare	24.6%	14.9%	26.0%	21.7%	24.8%	18.7%	23.9%	18.8%
Persons Below Poverty Level (2014)	7,338	5,403	7,136	18,219	190,650	8,941	237,686	1,139,845
Persons Below Poverty Level As % of Population (US Census)	19.2%	13.2%	26.1%	18.3%	20.2%	14.0%	19.6%	17.3%

Sources: TDH Population Projections, May 2013; U.S. Census QuickFacts and FactFinder2; TennCare Bureau. PSA data is unweighted average or total of county data.

C(I).4.B. DESCRIBE THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION, INCLUDING HEALTH DISPARITIES, THE ACCESSIBILITY TO CONSUMERS, PARTICULARLY THE ELDERLY, WOMEN, RACIAL AND ETHNIC MINORITIES, AND LOW-INCOME GROUPS. DOCUMENT HOW THE BUSINESS PLANS OF THE FACILITY WILL TAKE INTO CONSIDERATION THE SPECIAL NEEDS OF THE SERVICE AREA POPULATION.

Like the general population, St. Jude's pediatric patients' families are often low-income and of minority status. St. Jude has no religious, racial, ethnic, or income barriers to accepting referrals. However, it does serve primarily patients below the age of 18.

St. Jude Children's Research Hospital is an especially important resource for uninsured children living in poverty, because the hospital has no financial criteria for acceptance of its referrals. No child is ever denied treatment at St. Jude based on a family's inability to pay for care.

C(I).5. DESCRIBE THE EXISTING OR CERTIFIED SERVICES, INCLUDING APPROVED BUT UNIMPLEMENTED CON'S, OF SIMILAR INSTITUTIONS IN THE SERVICE AREA. INCLUDE UTILIZATION AND/OR OCCUPANCY TRENDS FOR EACH OF THE MOST RECENT THREE YEARS OF DATA AVAILABLE FOR THIS TYPE OF PROJECT. BE CERTAIN TO LIST EACH INSTITUTION AND ITS UTILIZATION AND/OR OCCUPANCY INDIVIDUALLY. INPATIENT BED PROJECTS MUST INCLUDE THE FOLLOWING DATA: ADMISSIONS OR DISCHARGES, PATIENT DAYS, AND OCCUPANCY. OTHER PROJECTS SHOULD USE THE MOST APPROPRIATE MEASURES, E.G., CASES, PROCEDURES, VISITS, ADMISSIONS, ETC.

There is no similar facility in the service area. Because the applicant is a unique facility with a nationwide service area, and because this project does not include a reviewable addition of licensed beds, it does not appear necessary to inventory the utilization of acute care hospitals in the Tennessee primary service area.

C(I).6. PROVIDE APPLICABLE UTILIZATION AND/OR OCCUPANCY STATISTICS FOR YOUR INSTITUTION FOR EACH OF THE PAST THREE (3) YEARS AND THE PROJECTED ANNUAL UTILIZATION FOR EACH OF THE YEARS **FOLLOWING** COMPLETION THE **PROVIDE** DETAILS REGARDING ADDITIONALLY, THE METHODOLOGY USED TO **PROJECT** UTILIZATION. THE **METHODOLOGY** MUST INCLUDE DETAILED CALCULATIONS OR DOCUMENTATION FROM REFERRAL SOURCES, AND IDENTIFICATION OF ALL ASSUMPTIONS.

#### 1. Utilization Data

On the following page, Tables Eight-A through Eight-C show St. Jude's historic and projected utilization, based on both licensed and staffed beds. These are summaries of more detailed Tables Eight-D and -E on the second and third following pages.

Table Eight-A on the next page shows St. Jude's licensed and staffed beds, currently and in the project's first two years of operation. It is important to understand that the hospital is not providing inpatient care in fourteen older private rooms on the fourth floor of its Patient Care Center, pending completion of this bed replacement project. In Year One of the project (FYE 2017), all but nine of the total eighty licensed beds will be staffed. In Year Two all eighty beds will be staffed. This is explained in Section 2 of this response, on the fourth following page.

Table Eight-B on the next page shows that occupancy of total licensed beds (including the fourteen that are not available) is projected to be 57.3% in the current fiscal year (FYE 2015)--which is slightly higher than the three-year historical average of 55.3%. Occupancy will increase to almost 75% in FYE 2018, as the full 80-bed complement is renewed and opened for admissions, and as St. Jude opens up new protocols for admissions (explained in Section 2 of this response).

Table Eight-C on that page then shows the occupancy based on staffed beds--a very different picture. This year that will reach 69.8%, higher than the three-year historical average of 67.4%. Projected utilization on staffed beds is expected to reach 74.6% in Year Two of the project.

## September26, 2014 08:20 am

ú	St CYI	t. Jude Chil	dren's Resea Project Year	nd Staffed Bearch Hospitals Sone and T Year One		Year Two
		2015)	(FYE 2017)		(FYE	
Bed Type	Licensed	Staffed	Licensed	Staffed	Licensed	Staffed
1. ICU	8	8	8	8	8	8
2. Med/Surg	70	56	72	63	72	72
Transplant	18	18	18	18	18	18
General	52	38	54	45	54	54
Total Beds	78	64	80	71	80	80

Ta	ble Eight		ıl and Proje Children's FYE 2014-l	Research		Licensed B	eds
Fiscal Year	Lic'd Beds	Admissions	Discharge Days	Average Length of Stay	Average Daily Census	Patient Days of Capacity	Average Annual Occupancy
Actual							
FYE 2012	78	3,040	16,090	5.3	44.1	28,470	56.5%
FYE 2013	78	3,009	16,387	5.4	44.9	28,470	57.6%
FYE 2014	78	2,944	14,767	5.0	40.5	28,470	51.9%
Projected							
FYE 2015	78	3,220	16,273	5.1	44.6	28,470	57.2%
FYE 2016	78	3,393	17,933	5.3	49.1	28,470	63.0%
FYE 2017	80	3,527	19,762	5.6	54.1	29,200	67.7%
FYE 2018	80	3,637	21,779	6.0	59.7	29,200	74.6%

Source: Hospital management.

Ta	able Eigh		al and Proj Children's FYE 2014-l	Research		Staffed Be	eds
Fiscal Year	Staffed Beds	Admissions	Discharge Days	Average Length of Stay	Average Daily Census	Patient Days of Capacity	Average Annual Occupancy
Actual							
FYE 2012	64	3,040	16,090	5.3	44.1	23,360	68.9%
FYE 2013	64	3,009	16,387	5.4	44.9	23,360	70.1%
FYE 2014	64	2,944	14,767	5.0	40.5	23,360	63.2%
Projected							v
FYE 2015	64	3,220	16,273	5.1	44.6	23,360	69.7%
FYE 2016	64	3,393	17,933	5.3	49.1	23,360	76.8%
FYE 2017	71	3,527	19,762	5.6	54.1	25,915	76.3%
FYE 2018	80	3,637	21,779	6.0	59.7	29,200	74.6%

Source: Hospital management.

Table Eight-D: St. Jude Children's Research Hospital Actual and Projected Licensed Bed Utilization, FYE 2012-FYE 2018

						Year One	Year Two
	FYE 2012	FYE 2013	FYE 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018
Total Beds	78	78	78	7.8	78	80	80
Admissions	3,040	3,009	2,944	3,220	3,393	3,527	3.637
Discharge Days	16,090	16,387	14,767	16,273	17,933	19,762	21,779
ALOS on Admissions	5.3	5.4	2.0	5.1	5.3	5.6	6.0
ADC on Admissions	44.1	44.9	40.5	44.6	49.1	54.1	59.7
Occupancy on Admissions	56.5%	27.6%	51.9%	57.2%	63.0%	%2'.29	74.6%
23-Hour Observation Days	. 0	0	0	0	0	0	0
Total Bed Days	16,090	16,387	14,767	16,273	17,933	19,762	21,779
Total ADC	44.1	44.9	40.5	44.6	49.1	54.1	59.7
Total Occupancy	56.5%	27.6%	51.9%	57.2%	63.0%	%2'29	74.6%
	STATE STATE OF	2000年 1800年		图 · · · · · · · · · · · · · · · · · · ·	の表質を変われるのないのでは	· · · · · · · · · · · · · · · · · · ·	Called and Called Street, Spiller
Pediatric Med-Surg Beds	70	70	70	7.0	70	72	72
Admissions	2,749	2,696	2,594	2,860	3,018	3,152	3,237
Discharge Days	14,284	14,880	13,318	14,650	16,115	17,726	19,499
ALOS on Admissions	5.2	5.5	5.1	5.1	5.3	5.6	0.9
ADC on Admissions	39.1	40.8	36.5	40.1	44.2	48.6	53.4
Occupancy on Admissions	25.9%	28.2%	52.1%	57.3%	63.1%	67.5%	74.2%
23-Hour Observation Days	0	0	0	0	0	0	0
Total Bed Days	14,284	14,880	13,318	14,650	16,115	17,726	19,499
Total ADC	39.1	40.8	36.5	40.1	44.2	48.6	53.4
Total Occupancy	55.9%	58.2%	52.1%	<b>27.3%</b>	63.1%	67.5%	74.2%
			<b>の 報告 公本 記回 間 報告</b>	医生物 医多种性 医		· · · · · · · · · · · · · · · · · · ·	· · · · · · · · · · · · · · · · · · ·
Pediatric ICU Beds	8	8	8	8	8	œ	8
Admissions	291	313	350	360	375	375	400
Discharge Days	1,806	1,507	1,449	1,623	1,818	2,036	2,280
ALOS on Admissions	6.2	4.8	4.1	4.5	4.8	5.4	5.7
ADC on Admissions	4.9	4.1	4.0	4,4	5.0	9'9	6.2
Occupancy on Admissions	61.8%	21.6%	49.6%	25.6%	62.3%	%2'69	78.1%
23-Hour Observation Days	0	0	0	0	0	0	0
Total Bed Days	1,806	1,507	1,449	1,623	1,818	2,036	2,280
Total ADC	4.9	4.1	4.0	4.4	5.0	5.6	6.2
Total Occupancy	61.8%	51.6%	49.6%	25.6%	62.3%	%2'69	78.1%
				<b>医原生性性</b>	HISTORY WAS A STREET		大学の日本の大学の日本の日本の日本の日本の日本の日本の日本の日本の日本の日本の日本の日本の日本の

Table Eight-E: St. Jude Children's Research Hospital Actual and Projected Staffed Bed Utilization, FYE 2012-FYE 2018

	FYE 2012	FYE 2013	FYE 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018
Total Beds	29	64	64	64	64	7.1	80
Admissions	3.040	3,009	2.944	3,220	3,393	3,527	3,637
Discharge Days	16,090	16,387	14,767	16,273	17,933	19,762	21,779
Al OS on Admissions	5.3	5.4	5.0	5.1	5.3	5.6	0.0
ADC on Admissions	44.1	44.9	40.5	44.6	49.1	54.1	20.2
Occupancy on Admissions	68.9%	70.1%	63.2%	%2'69	%8'92	76.3%	74.6%
23-Hour Observation Days	0	0	0	0	0	0	0
Total Bed Days	16.090	16,387	14,767	16,273	17,933	19,762	21,779
Total ADC	44.1	44.9	40.5	44.6	49.1	54.1	59.7
Total Occupancy	68.9%	70.1%	63.2%	%2'69	76.8%	76.3%	74.6%
日本の成本には次子の表に対しては、	多	THE PERSON NAMED IN	· · · · · · · · · · · · · · · · · · ·	大型 · 一 · · · · · · · · · · · · · · · · ·	<b>用語清潔等</b>		
Pediatric Med-Sura Beds	58	56	999	56	26	63	72
Admissions	2.749	2.696	2,594	2,860	3,018	3,152	3,237
Discharge Days	14.284	14.880	13,318	14,650	16,115	17,726	19,499
ALOS on Admissions	5.2	5.5	5.1	5.1	5.3	5.6	0.9
ADC on Admissions	39.1	40,8	36.5	40.1	44.2	48.6	53.4
Occupancy on Admissions	%6.69	72.8%	65.2%	71.7%	78.8%	77.1%	74.2%
23-Hour Observation Days	0	0	0	0	0	0	0
Total Bed Davs	14.284	14.880	13,318	14,650	16,115	17,726	19,499
Total ADC	39.1	40.8	36.5	40.1	44.2	48.6	53.4
Total Occupancy	%6.69	72.8%	65.2%	71.7%	78.8%	17.1%	74.2%
<b>三日本地では、日本の日本の日本の日本の日本の日本の日本の日本の日本の日本の日本の日本の日本の日</b>	一						ある。
Pediatric ICU Beds	8	00	8	8	8	8	80
Admissions	291	313	350	360	375	375	400
Discharge Days	1,806	1,507	1,449	1,623	1,818	2,036	2,280
ALOS on Admissions	6.2	4.8	4.1	4.5	4.8	5.4	5.7
ADC on Admissions	4.9	4.1	4.0	4.4	2.0	5.6	6.2
Occupancy on Admissions	61.8%	51.6%	. 49.6%	25.6%	62.3%	%2.69	78.1%
23-Hour Observation Days	0	0	0	0	0	0	0
Total Bed Days	1,806	1,507	1,449	1,623	1,818	2,036	2,280
Total ADC	4.9	4.1	4.0	4.4	2.0	5.6	6.2
Total Occupancy	61.8%	51.6%	49.6%	25.6%	62.3%	69.7%	78.1%
THE PROPERTY OF THE PERSON NAMED IN COLUMN TWO IS NOT THE PERSON NAMED IN COLUMN TWO IS NAMED IN CO	STOCK SUITS IN SECTION	は 日本の日本の日本の日本の日本の日本の日本の日本の日本の日本の日本の日本の日本の日	THE PARTY OF THE P	以 1000 1000 1000 1000 1000 1000 1000 10	世界の世界の世界に 中国の からに	一般の の の の の の の の の の の の の の の の の の の	经 法 一

Note: All 54 proposed med-surg beds in the Kay Center will be constructed by FYE 2017; but 9 of them will not be staffed until FYE 2018.

#### 2. Methodologies for Projections

The discharge day projections were made by increasing ICU days by 12% per year, and medical-surgical days by 10% per year, from FYE 2014's actual days through FYE 2018. This resulted in an overall discharge day increase for the hospital of approximately 10.2% annually. The basis for this projection is St. Jude's formal internal commitments to significantly expand its clinical research protocols over the next five years, which will result in increased admissions and lengths of stay.

St. Jude, unlike other Tennessee hospitals, does not acquire new patients as a result of changes in local physician admission decisions, service area population, local competitive factors, or other factors that most hospitals must consider when making projections. St. Jude is a research facility that acquires patients primarily by national and international recruitment of small numbers of seriously ill children, into trials of promising new treatment protocols for their conditions. St. Jude's physicians and scientists monitor research worldwide, perform research on the St. Jude campus, and strive to identify innovative new medical interventions that will hold out new hope for these children. The integration of cutting-edge research laboratories with physician and hospital resources makes it possible for its own IRB (Institutional Review Board) to move swiftly to take an idea "from bench to bedside". When a new treatment protocol is ready to be tested, St. Jude announces to its widespread physician referral networks that a limited number of children are being sought for treatments under the new protocol. Treatment results are reported in peer-reviewed research journals, so they can be disseminated quickly throughout the healthcare system.

Because of this process and its unique resources, St. Jude's future inpatient utilization depends primarily on the scope of its own internal commitments to develop and "open" (i.e., recruit into) new treatment protocols. St. Jude has recently made a commitment to open more new protocols and is staffing and developing its campus accordingly. Encouraging early successes in some protocols have led to a rebounding of admissions and utilization early this fiscal year. Increases are being seen in care of patients with solid tumors, neuroblastomas, and sickle cell anemia, to name a few. The approximately 10.2% annual increase in overall inpatient days for the next four years

reflects this internal program development and increased patient referrals and recruitments for new protocols.

C(II)1. PROVIDE THE COST OF THE PROJECT BY COMPLETING THE PROJECT COSTS CHART ON THE FOLLOWING PAGE. JUSTIFY THE COST OF THE PROJECT.

- ALL PROJECTS SHOULD HAVE A PROJECT COST OF AT LEAST \$3,000 ON LINE F (MINIMUM CON FILING FEE). CON FILING FEE SHOULD BE CALCULATED ON LINE D.
- THE COST OF ANY LEASE (BUILDING, LAND, AND/OR EQUIPMENT) SHOULD BE BASED ON FAIR MARKET VALUE OR THE TOTAL AMOUNT OF THE LEASE PAYMENTS OVER THE INITIAL TERM OF THE LEASE, WHICHEVER IS GREATER. NOTE: THIS APPLIES TO ALL EQUIPMENT LEASES INCLUDING BY PROCEDURE OR "PER CLICK" ARRANGEMENTS. THE METHODOLOGY USED TO DETERMINE THE TOTAL LEASE COST FOR A "PER CLICK" ARRANGEMENT MUST INCLUDE, AT A MINIMUM, THE PROJECTED PROCEDURES, THE "PER CLICK" RATE AND THE TERM OF THE LEASE.
- THE COST FOR FIXED AND MOVEABLE EQUIPMENT INCLUDES, BUT IS NOT NECESSARILY LIMITED TO, MAINTENANCE AGREEMENTS COVERING THE EXPECTED USEFUL LIFE OF THE EQUIPMENT; FEDERAL, STATE, AND LOCAL TAXES AND OTHER GOVERNMENT ASSESSMENTS; AND INSTALLATION CHARGES, EXCLUDING CAPITAL EXPENDITURES FOR PHYSICAL PLANT RENOVATION OR IN-WALL SHIELDING, WHICH SHOULD BE INCLUDED UNDER CONSTRUCTION COSTS OR INCORPORATED IN A FACILITY LEASE.
- FOR PROJECTS THAT INCLUDE NEW CONSTRUCTION, MODIFICATION, AND/OR RENOVATION; DOCUMENTATION MUST BE PROVIDED FROM A CONTRACTOR AND/OR ARCHITECT THAT SUPPORT THE ESTIMATED CONSTRUCTION COSTS.

The architect's letter supporting the construction cost estimate is provided in Attachment C, Economic Feasibility--1.

On the Project Costs Chart, following this response:

Line A.1, A&E fees, were estimated by the project architect.

Line A.2, legal, administrative, and consultant fees, were estimated by St. Jude's Design and Construction Department.

Line A.5, construction cost, was calculated by St. Jude Design and Construction staff based on contractor's estimates.

Line A.6, contingency, was estimated by the St. Jude staff.

Line A.7 includes both fixed and moveable equipment costs, estimated by St. Jude staff.

Line A.9 includes such costs as information systems and telecommunications, miscellaneous minor equipment and furnishings, and miscellaneous fees and overhead.

Line B.1 is the allocated cost of having constructed the three floors of shell space in the project now nearing completion.

# PROJECT COSTS CHART— ST JUDE CHILDREN'S RESEARCH HOSPITAL BED EXPANSION

Α.	Construction and equipm	ent acquired by purchas	se:	
	<ol> <li>Acquisition of Site</li> <li>Preparation of Site</li> <li>Construction Cost</li> <li>Contingency Fund</li> <li>Fixed Equipment (No</li> </ol>	t included in Constructi (List all equipment ove IS, telecommunication misc. fees, overhead	on Contract) r \$50,000)	\$ 1,386,200 150,000 0 27,623,696 3,500,000 2,700,000 0 3,127,400
B.	Acquisition by gift, donat	ion, or lease:		
	<ol> <li>Facility (inclusive of</li> <li>Building only</li> <li>Land only</li> <li>Equipment (Specify)</li> <li>Other (Specify)</li> </ol>	ouilding and land) FMV of shelled floors	3-5 + RT Area	23,968,220 0 0 0
C.	Financing Costs and Fees	:		
ñ	<ol> <li>Interim Financing</li> <li>Underwriting Costs</li> <li>Reserve for One Year</li> <li>Other (Specify)</li> </ol>	's Debt Service	<u>.</u> .	0 0 0 0
D.	Estimated Project Cost (A+B+C)			62,455,516
E.	CON Filing Fee	(statutory maximum)		45,000
F.	Total Estimated Project (	Cost (D+E)	TOTAL	\$62,500,516
		VI	Actual Capital Cos Section B FMV	38,532,296 23,968,220

## C(II).2. IDENTIFY THE FUNDING SOURCES FOR THIS PROJECT.

a. PLEASE CHECK THE APPLICABLE ITEM(S) BELOW AND BRIEFLY SUMMARIZE HOW THE PROJECT WILL BE FINANCED. (DOCUMENTATION FOR THE TYPE OF FUNDING MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND IDENTIFIED AS ATTACHMENT C, ECONOMIC FEASIBILITY-2).

A. Commercial Loan-Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;

B. Tax-Exempt Bonds--copy of preliminary resolution or a letter from the issuing authority, stating favorable contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;

\_\_\_\_C. General Obligation Bonds--Copy of resolution from issuing authority or minutes from the appropriate meeting;

\_\_\_\_\_D. Grants-Notification of Intent form for grant application or notice of grant award;

\_\_x\_E. Cash Reserves--Appropriate documentation from Chief Financial Officer; or

\_\_\_\_\_F. Other--Identify and document funding from all sources.

As in the prior application, this project will be entirely funded by a cash contribution from ALSAC (American Lebanese Syrian Associated Charities, Inc.), the charitable organization established at the time St. Jude was originally built. ALSAC's only mission and authorized role is to provide funding for the needs of St. Jude Children's Research Hospital. Documentation of ALSAC's intention to fund the project is provided in Attachment C, Economic Feasibility--2, in a letter from Mr. Jeff Pearson, Chief Financial Officer of ALSAC. ALSAC's financial statements are provided in the Attachments as documentation of the availability of funds within ALSAC accounts.

C(II).3. DISCUSS AND DOCUMENT THE REASONABLENESS OF THE PROPOSED PROJECT COSTS. IF APPLICABLE, COMPARE THE COST PER SQUARE FOOT OF CONSTRUCTION TO SIMILAR PROJECTS RECENTLY APPROVED BY THE HSDA.

The justification of costs was provided in an earlier section, which is repeated here:

Hospital construction projects approved by the HSDA in 2011-2013 had the following construction costs per SF:

Table Four-A (Repeated): Hospital Construction Cost PSF Years: 2011-2013					
	Renovated Construction	New Construction	Total Construction		
1 <sup>st</sup> Quartile	\$107.15/sq ft	\$235.00/sq ft	\$151.56/sq ft		
Median	\$179.00/sq ft	\$274.63/sq ft	\$227.88/sq ft		
3 <sup>rd</sup> Quartile	\$249.00/sq ft	\$324.00/sq ft	\$274.63/sq ft		

Source: HSDA, from CON approved applications during 2011-2013.

As shown in Table Four-B below, the construction cost for the three floors, the connectors, and the Respiratory Therapy area, if one combines the already completed shelled space costs and the proposed build-out costs in this current application, is \$505.29 PSF, which significantly exceeds the State average Total Construction cost listed in Table Four-A above.

However, this *current* application's proposed build-out/ renovation cost is estimated at approximately \$297.82 PSF, which is only slightly above than the third quartile Statewide average.

Table Four-B (Repeated): This ProjectPrior New Construction Plus Build-out Costs					
i i	Shelled Areas (Completed)	Build-out (Proposed)	Total Area of Completed Floors		
Square Feet	102,104 SF	92,754 SF	102,104 SF		
Construction Cost	\$23,968,220	\$27,623,696	\$51,591,916		
Constr. Cost PSF	\$234.74 PSF	\$297.82 PSF	\$505.29 PSF		

C(II).4. COMPLETE HISTORICAL AND PROJECTED DATA CHARTS ON THE FOLLOWING TWO PAGES--DO NOT MODIFY THE CHARTS PROVIDED OR SUBMIT CHART SUBSTITUTIONS. HISTORICAL DATA CHART REPRESENTS REVENUE AND EXPENSE INFORMATION FOR THE LAST THREE (3) YEARS FOR WHICH COMPLETE DATA IS AVAILABLE PROJECTED DATA CHART REQUESTS FOR THE INSTITUTION. INFORMATION FOR THE TWO YEARS FOLLOWING COMPLETION OF PROJECTED DATA CHART SHOULD INCLUDE THIS PROPOSAL. REVENUE AND EXPENSE PROJECTIONS FOR THE PROPOSAL ONLY (I.E., ADDITIONAL **FOR** BEDS, INCLUDE APPLICATION IS ANTICIPATED REVENUE FROM THE PROPOSED BEDS ONLY, NOT FROM ALL BEDS IN THE FACILITY).

See the following pages for these charts, with notes where applicable. The applicant is providing the Historic Data Chart for the hospital, and Projected Data Charts for both the hospital and this 54-bed project.



## HISTORICAL DATA CHART -- ST. JUDE CHILDREN'S RESEARCH HOSPITAL

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins July 1.

'	116 1130	ar year begins July 1.							
					FYE 2012		FYE 2013		FYE 2014
			Admissions		2,988		3,015		2,944
Α	. Ut	ilization Data	Discharge Days		15,667		16,499		14,931
В	. Re	venue from Services to Patients							
20	y 1.	Inpatient Services	2/	\$	158,576,220		162,918,716		149,973,290
	2.	Outpatient Services			246,297,608		251,126,212		267,778,242
	3.	<b>Emergency Services</b>							
	4.	Other Operating Revenue			605,032,661		647,020,818		716,770,121
		(Specify) See notes page							
			<b>Gross Operating Revenue</b>	\$_	1,009,906,489	\$	1,061,065,746	\$	1,134,521,653
C.	De	ductions for Operating Revenue							
	1.	Contractual Adjustments		\$_	265,679,152		260,238,786		263,496,102
	2.	Provision for Charity Care			43,100,000		49,300,000		56,153,000
	3.	Provisions for Bad Debt			558,000		492,000		681,000
			<b>Total Deductions</b>	\$_	309,337,152	\$	310,030,786	\$	320,330,102
N	ET OPE	RATING REVENUE		\$_	700,569,337	\$	751,034,960	\$	814,191,551
D.	Ор	erating Expenses						1	
	1.	Salaries and Wages		\$_	274,293,362		286,819,653		303,045,662
	2.	Physicians Salaries and Wages	<b>S</b>	22	64,340,418	10	67,278,684		71,084,785
	3.	Supplies		22	87,127,270		94,463,734	- 1	101,762,224
	4.	Taxes		- 22		- 15		- 1	
	5.	Depreciation			62,566 <u>,</u> 580		61,563,562	2	61,003,690
	6.	Rent				25			
	7.	Interest, other than Capital			10,034,890		7,418,215	1	3,082,928
	8.	Management Fees				- 65			
		a. Fees to Affiliates		-	0	- 8	0		
		b. Fees to Non-Affiliates			0		0	7	
	9.	Other Expenses (Specify)	See notes page		136,658,581		136,690,203		143,296,740
12			<b>Total Operating Expenses</b>	\$_	635,021,101		654,234,051	-	683,276,029
E.	Oth	ner Revenue (Expenses) Net (S	Specify)	\$_	(65,548,236)	\$	(96,800,909)	\$	(130,915,522)
NE	T OPE	RATING INCOME (LOSS)		\$_	0	\$	0	\$	0
F.	Cap	oital Expenditures							_
	1.	Retirement of Principal		\$_	0	\$_	0	\$_	0
	2.	Interest			0	194	0	104	0
			<b>Total Capital Expenditures</b>	\$_	0	\$	0	\$	0
NET OPERATING INCOME (LOSS)				_					
:-LE	SS CAF	PITAL EXPENDITURES		\$_	0	\$_	0	\$	0
				-		-		-	

#### NOTES TO THE HISTORICAL DATA CHART - ST JUDE CHILDREN'S RESEARCH HOSPITAL

		FYE 2012	FYE 2013	FYE 2014
NOTE 1: C	Components of Other Operating Revenue:			
	ALSAC contributions	\$502,355,499	\$542,823,781	\$603,365,782
	Research grants	95,189,714	93,786,270	80,937,617
	Net investment gain (loss)	(16,570)	133,162	220,580
	Other	7,504,018	10,277,605	32,246,142
	Total other operating revenue	\$605,032,661	\$647,020,818	\$716,770,121
NOTE 2: C	Components of Other Operating Expenses: Professional fee & contract services	\$90,993,413	\$95,572,037	\$98,663,304
	Telephone	1,261,843	1,166,737	1,274,219
	Occupancy	20,966,949	20,672,588	22,298,783
	Travel and meetings	10,414,587	10,096,211	9,936,401
	Miscellaneous	13,021,789	9,182,630	11,124,033
	Total other operating expense	\$136,658,581	\$136,690,203	\$143,296,740

NOTE 3: Line B4, Other Revenue: This is the total of continuous cash contributrions by ALSAC to offset deficits.

NOTE 4: Line E, Other Expenses: This is the payment for capitalized expenses of projects as they come due.

# PROJECTED DATA CHART— ST JUDE CHILDREN'S RESEARCH HOSPITAL

The fiscal year begins July 1.

1110	c nacai year begins suly 1.				
			FYE 2017		FYE 2018
		Admissions	3,527		3,637
A.	Utilization Data	Discharge Days	19,762		21,779
В.	Revenue from Services to Patients				
	1. Inpatient Services		\$_224,146,808	\$_	277,368,614
	2. Outpatient Services		293,782,149		305,533,435
	<ol><li>Emergency Services</li></ol>			_	
	4. Other Operating Revenue (S	pecify) See notes page	838,733,205		871,829,818
		<b>Gross Operating Revenue</b>	\$ 1,356,662,162	\$_	1,454,731,867
C.	Deductions for Operating Revenue				
	1. Contractual Adjustments		\$ 345,118,048	\$_	391,114,578
	2. Provision for Charity Care		55,000,000		57,200,000
	3. Provisions for Bad Debt		500,000	-	520,000
		<b>Total Deductions</b>	\$ 400,618,048	\$_	448,834,578
NET	OPERATING REVENUE		\$ 956,044,114	\$_	1,005,897,289
D.	Operating Expenses				
	<ol> <li>Salaries and Wages</li> </ol>		\$ 373,916,908	\$_	408,786,649
	2. Physicians Salaries and Wage	S	87,708,904	D 1	95,888,226
	3. Supplies		123,149,118	-	134,633,429
	4. Taxes			_	
	5. Depreciation	A <sup>A</sup>	68,600,000	_	72,800,000
	6. Rent				
	7. Interest, other than Capital		9,670,872	_	10,572,732
	8. Management Fees				
	a. Fees to Affiliates		0	_	0
	b. Fees to Non-Affiliates		0		0
	9. Other Expenses (Specify)	See notes page	178,198,312	_	194,816,253
	Dues, Utilities, Insurance, and Prop Taxes.		<	_	
		<b>Total Operating Expenses</b>	\$ 841,244,114	\$_	917,497,289
E.	Other Revenue (Expenses) Net (	Specify)	\$_(114,800,000)	\$_	(88,400,000)
NET	OPERATING INCOME (LOSS)		\$0	\$_	:a 0
- F.	Capital Expenditures				
	1. Retirement of Principal		\$	\$_	
	2. Interest				
		<b>Total Capital Expenditures</b>	\$0	\$_	0
NET	OPERATING INCOME (LOSS)				
LESS	CAPITAL EXPENDITURES		\$0	\$_	0

## NOTES TO THE PROJECTED DATA CHART - ST. JUDE CHILDREN'S RESEARCH HOSPITAL

FYE 2017	FYE 2018
	i
\$752,533,205	\$782,829,818
\$75,000,000	\$77,300,000
******	-
11,200,000	11,700,000
\$838,733,205	\$871,829,818
grand and a second second	
6424 E02 07E	\$136,213,026
1,521,035	1,662,879
26,950,141	29,463,386
13,162,083	14,389,517
11,971,079	13,087,445
\$178,198,313	\$194,816,253
	\$752,533,205 \$75,000,000 

NOTE 3: Line B4, Other Revenue: This is the total of continuous cash contributrions by ALSAC to offset deficits.

NOTE 4: Line E, Other Expenses: This is the payment for capitalized expenses of projects as they come due.

# PROJECTED DATA CHART-SJCRH- 54 INPATIENT BEDS SUPPLEMENTAL

Give information for the two (2) years following the completion of this proposal.

The fiscal year begins July 1.

1110		year segme oary			FYE 2017		FYE 2018
			Admissions		3,231		4,011
A.	Utili	zation Data	Discharge Days	•	13,302		16,514
В.		enue from Services to Patients	2.comargo 2ayo		. 0,002		
-	1.	Inpatient Services		\$	178,451,345	\$	222,707,278
	2.	Outpatient Services			*	•	
	3.	Emergency Services					•
	4.	Other Operating Revenue (Spe	cify) See notes page		\$128,992,210		\$114,472,017
			Gross Operating Revenue	\$	307,443,555	\$	337,179,295
C.	Ded	uctions for Operating Revenue					
	1.	Contractual Adjustments		\$	115,339,417	\$	143,943,593
	2.	Provision for Charity Care			21,850,061		27,268,876
	3.	Provisions for Bad Debt			218,058		272,135
			<b>Total Deductions</b>	\$	137,407,536	\$	171,484,604
NET	OPER	ATING REVENUE		\$	170,036,019	\$	165,694,691
D.	Ope	rating Expenses					
3	1.	Salaries and Wages		\$_	60,289,197	\$	75,964,388
	2.	Physicians Salaries and Wages			14,141,910		17,818,807
	3.	Supplies			30,378,012		38,276,295
	4.	Taxes					
	5.	Depreciation		-			
	6.	Rent				- 1	
	7.	Interest, other than Capital					
	8.	Management Fees					
		a. Fees to Affiliates		7_			
		b. Fees to Non-Affiliates					
	9.	Other Expenses (Specify)	See notes page		26,694,604	32	33,635,201
		Dues, Utilities, Insurance, and Prop Taxes.		-		172	
			<b>Total Operating Expenses</b>	\$_	131,503,723	\$	165,694,691
E.	Othe	r Revenue (Expenses) Net (Sp	ecify)	\$_	(38,532,296)	\$	0
NET	OPER/	ATING INCOME (LOSS)		\$_	0	\$	0
F.	Capit	tal Expenditures					
	1.	Retirement of Principal		\$_	0	\$	
	2.	Interest			0		
			<b>Total Capital Expenditures</b>	\$_	0	\$	0
NET	OPER/	ATING INCOME (LOSS)					
LESS	CAPI	TAL EXPENDITURES		\$_	0	\$_	0

#### NOTES TO THE PROJECTED DATA CHART - ST. JUDE CHILDREN'S RESEARCH HOSPITAL-54 BEDS

	FYE 2017	FYE 2018
NOTE 1: Components of Other Operating Revenue:		
ALSAC contributions	\$128,992,210	\$114,472,017
Research grants	0	0
Net investment gain (loss)	= 0	0
Other	0	0
Total other operating revenue	\$128,992,210	\$114,472,017
NOTE 2: Components of Other Operating Expenses:		
Professional fee & contract services	\$20,297,429	\$25,574,761
Telephone	366,811	462,182
Occupancy	944,132	1,189,607
Travel and meetings	3,834,789	4,831,834
Miscellaneous	1,251,443	1,576,817
Total other operating expense	\$26,694,604	\$33,635,201

NOTE 3: Line B.4, Other Revenues: This is the total of continuous cash contributrions by ALSAC to offset deficits.

NOTE 4: Line E, Other Expenses: This is the payment for capitalized expenses of projects as they come due.

C(II).5. PLEASE IDENTIFY THE PROJECT'S AVERAGE GROSS CHARGE, AVERAGE DEDUCTION FROM OPERATING REVENUE, AND AVERAGE NET CHARGE.

	FYE 2017	FYE 2018
Patient Days	13,302	16,514
Admissions or Discharges	3,231	4,011
Average Gross Charge Per Day	\$13,415	\$13,486
Average Gross Charge Per Admission	\$55,231	\$55,524
Average Deduction from Operating Revenue per Day	\$10,330	\$10,384
Average Deduction from Operating Revenue per Admission	\$42,528	\$42,754
Average Net Charge (Net Operating Revenue) Per Day	\$12,783	\$10,034
Average Net Charge (Net Operating Revenue) Per Admission	\$52,626	\$41,310
Average Net Operating Income after Expenses, Per Day	0	0
Average Net Operating Income after Expenses, Per Admission	0	0

C(II).6.A. PLEASE PROVIDE THE CURRENT AND PROPOSED CHARGE SCHEDULES FOR THE PROPOSAL. DISCUSS ANY ADJUSTMENT TO CURRENT CHARGES THAT WILL RESULT FROM THE IMPLEMENTATION OF THE PROPOSAL. ADDITIONALLY, DESCRIBE THE ANTICIPATED REVENUE FROM THE PROPOSED PROJECT AND THE IMPACT ON EXISTING PATIENT CHARGES.

Table Ten, submitted in response to C(II).6.B below, provides the applicant's current and proposed gross charges for the most frequent admissions DRG's. Because of ALSAC's commitment to completely fund the project, and to annually fund operating deficits of the hospital, there are no issues of debt service posed by this project. It will impose no debt service that could increase charges for care.

C(II).6.B. COMPARE THE PROPOSED CHARGES TO THOSE OF SIMILAR FACILITIES IN THE SERVICE AREA/ADJOINING SERVICE AREAS, OR TO PROPOSED CHARGES OF PROJECTS RECENTLY APPROVED BY THE HSDA. IF APPLICABLE, COMPARE THE PROJECTED CHARGES OF THE PROJECT TO THE CURRENT MEDICARE ALLOWABLE FEE SCHEDULE BY COMMON PROCEDURE TERMINOLOGY (CPT) CODE(S).

Table Ten on the following page shows the most frequent admissions DRG's for the medical-surgical beds, and St. Jude's projected gross charges for each DRG in Years One and Two. Because the St. Jude patient population is generally limited to children, very few are eligible for Medicare coverage. St. Jude has a Medicare number and also files a "low utilization" Medicare Cost Report, but does not bill the Medicare program. Consequently, Medicare allowables are not shown on Table Ten.

Table Eleven on the second following page compares Joint Annual Report charge data for Shelby County tertiary care hospitals.

	Table Ten: Charge Data for Most Frequent Admissions DRG's* St. Jude Children's Research Hospital54 Medical-Surgical Beds											
	Average Gross Charge											
	l	FYE 2014	FYE 2017	FYE 2018								
DRG	Descriptor	(Current)	(Yr 1)	(Yr 2)								
847	Chemotherapy w/o acute leukemia as secondary diagnosis w CC	\$22,664	\$26,236	\$27,548								
809	Major hematol/immun diag exc sickle cell crisis & coagul w CC	\$26,185	\$30,312	\$31,827								
839	Chemo w acute leukemia as sdx w/o CC/MCC	\$13,005	\$15,055	\$15,055 \$15,807								
812	Red blood cell disorders w/o MCC	\$13,750	\$15,917	\$16,713								
864	Fever of unknown origin	\$23,318	\$26,993	\$28,343								
838	Chemo w acute leukemia as sdx w CC or high dose chemo agent	\$26,706	\$30,915	\$32,461								
315	OTHER KIDNEY & URINARY TRACT PROCEDURES	\$29,440	\$34,080	\$35,784								
835	Acute leukemia w/o major O.R. procedure w CC	\$93,637	\$108,394	\$113,814								
392	Esophagitis, gastroent & misc digest disorders w/o MCC	\$36,497	\$42,249	\$44,361								
153	Otitis media & URI w/o MCC	\$17,160	\$19,864	\$20,858								

<sup>\*54</sup> Beds only; data does not include bone marrow transfer program or ICU

Table Eleven: Comparative Charges Per Day and Per Stay Tertiary Care Hospitals in the Primary Service Area												
	Gross Inpatient Charges	Admissions Bed or Days Discharges		Gross Charge Per Day	Gross Charge Per Stay							
St Jude Children's Research Hospital	\$163,726,654	16,499	3,015	\$9,923	\$54,304							
Baptist Memorial Hospital	\$1,300,034,389	163,128	24,509	\$7,969	\$53,043							
Methodist Hospital Germantown	\$550,024,627	77,843	17,217	\$7,066	\$31,947							
Methodist LeBonheur Hospital	\$554,012,900	62,844	9,861	\$8,816	\$56,182							
Saint Francis Hospital	\$986,286,080	87,370	15,492	\$11,289	\$63,664							
The MED (Reg Med'l Center at Memphis)	\$827,925,253	91,539	12,709	\$9,045	\$65,145							

Source: 2013 Joint Annual Report,

## C(II).7. DISCUSS HOW PROJECTED UTILIZATION RATES WILL BE SUFFICIENT TO MAINTAIN COST-EFFECTIVENESS.

Utilization of this project, or any of the hospital's services, will never be high enough to maintain a positive operating margin, because St. Jude has an unusually high mix of patients without the means or resources to pay for care, and because much of St. Jude's activities are unreimbursed research expenses. St. Jude can continue to be a resource for children and their families only because its supporting charity, ALSAC, successfully generates enough charitable contributions each year to cover the hospital's large annual operating losses.

# C(II).8. DISCUSS HOW FINANCIAL VIABILITY WILL BE ENSURED WITHIN TWO YEARS; AND DEMONSTRATE THE AVAILABILITY OF SUFFICIENT CASH FLOW UNTIL FINANCIAL VIABILITY IS MAINTAINED.

Again, these are not issues at this unique hospital, which is financially viable due to continuous charitable financial support from ALSAC.

C(II).9. DISCUSS THE PROJECT'S PARTICIPATION IN STATE AND FEDERAL REVENUE PROGRAMS, INCLUDING A DESCRIPTION OF THE EXTENT TO WHICH MEDICARE, TENNCARE/MEDICAID, AND MEDICALLY INDIGENT PATIENTS WILL BE SERVED BY THE PROJECT. IN ADDITION, REPORT THE ESTIMATED DOLLAR AMOUNT OF REVENUE AND PERCENTAGE OF TOTAL PROJECT REVENUE ANTICIPATED FROM EACH OF TENNCARE, MEDICARE, OR OTHER STATE AND FEDERAL SOURCES FOR THE PROPOSAL'S FIRST YEAR OF OPERATION.

As a pediatric facility, St. Jude has no routine need to deal with Medicare. Although Medicare reimbursement is occasionally available for a pediatric patient, it is so infrequently encountered that St. Jude does not pursue Medicare's facility reimbursement. So although some Medicare appears in the hospital's gross revenue account, Medicare reimbursement is never actually billed or received.

However, the hospital does bill its patients' insurors, if any--including State Medicaid programs--to obtain fair reimbursement for the care it provides. St. Jude has contractual and other relationships with numerous State Medicaid programs at the present time, and that includes contracts with almost all TennCare MCO's in all regions of Tennessee.

Following is a table showing Year One projected Medicare and TennCare gross revenues for SJCRH. In that year, SJCRH also projects charity care of \$55,000,000. A similar table for the 54 bed project is provided as well.

Table Twelve-A: Medicar	e and TennCare/Medic SJCRH	aid Revenues, Year One
	Medicare	TennCare/Medicaid
Gross Patient Care Revenue	\$3,107,574	\$198,884,719
Percent of Gross Revenue	0.6%	38.4%

Table Twelve-B: Medicare and TennCare/Medicaid Revenues, Year One 54-Bed Project								
	Medicare	TennCare/Medicaid						
Gross Patient Care Revenue	\$1,070,708	\$68,525,317						
Percent of Gross Revenue	0.6%	38.4%						

C(II).10. PROVIDE COPIES OF THE BALANCE SHEET AND INCOME STATEMENT FROM THE MOST RECENT REPORTING PERIOD OF THE INSTITUTION, AND THE MOST RECENT AUDITED FINANCIAL STATEMENTS WITH ACCOMPANYING NOTES, IF APPLICABLE. FOR NEW PROJECTS, PROVIDE FINANCIAL INFORMATION FOR THE CORPORATION, PARTNERSHIP, OR PRINCIPAL PARTIES INVOLVED WITH THE PROJECT. COPIES MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND LABELED AS ATTACHMENT C, ECONOMIC FEASIBILITY--10.

These are provided as Attachment C, Economic Feasibility--10.

C(II)11. DESCRIBE ALL ALTERNATIVES TO THIS PROJECT WHICH WERE CONSIDERED AND DISCUSS THE ADVANTAGES AND DISADVANTAGES OF EACH ALTERNATIVE, INCLUDING BUT NOT LIMITED TO:

A. A DISCUSSSION REGARDING THE AVAILABILITY OF LESS COSTLY, MORE EFFECTIVE, AND/OR MORE EFFICIENT ALTERNATIVE METHODS OF PROVIDING THE BENEFITS INTENDED BY THE PROPOSAL. IF DEVELOPMENT OF SUCH ALTERNATIVES IS NOT PRACTICABLE, THE APPLICANT SHOULD JUSTIFY WHY NOT, INCLUDING REASONS AS TO WHY THEY WERE REJECTED.

B. THE APPLICANT SHOULD DOCUMENT THAT CONSIDERATION HAS BEEN GIVEN TO ALTERNATIVES TO NEW CONSTRUCTION, E.G., MODERNIZATION OR SHARING ARRANGEMENTS. IT SHOULD BE DOCUMENTED THAT SUPERIOR ALTERNATIVES HAVE BEEN IMPLEMENTED TO THE MAXIMUM EXTENT PRACTICABLE.

There are no acceptable alternatives to this replacement bed project. St. Jude has no more appropriate location on its campus for these beds, than on the third, fourth, and fifth floors of its new Kay Center. The Kay Center has shelled space available that is ideally sized to accommodate all of the beds that need replacement. The leadership of St. Jude has committed to expanding its services and admissions over the next four years; and to do that it is essential to have access to higher quality inpatient care units than are now available at the older Patient Care Center building.

C(III).1. LIST ALL EXISTING HEALTH CARE PROVIDERS (I.E., HOSPITALS, NURSING HOMES, HOME CARE ORGANIZATIONS, ETC.) MANAGED CARE ORGANIZATIONS, ALLIANCES, AND/OR NETWORKS WITH WHICH THE APPLICANT CURRENTLY HAS OR PLANS TO HAVE CONTRACTUAL AND/OR WORKING RELATIONSHIPS, E.G., TRANSFER AGREEMENTS, CONTRACTUAL AGREEMENTS FOR HEALTH SERVICES.

St. Jude's most complex local collaborations are with Le Bonheur Children's Medical Center in Memphis (part of the Methodist Health System), and with a number of specialist and subspecialist physician practices and scientists in the community. St. Jude works closely with LeBonheur in a multidisciplinary childhood brain tumor program, to lead and coordinate the many types of treatment and support crucial to the comprehensive care of children with brain tumors. St. Jude also collaborates with local physician practices for the whole range of pediatric sub-specialist care, not only for brain tumor cases. The teams deliver care at both St. Jude and Le Bonheur. St. Jude also works closely with the Shelby County Health Department and county safety net hospital (Regional One Health), and faculty from the UT College of Health Sciences and the University of Memphis.

The "St. Jude Affiliate Program" provides many of the benefits of St. Jude's protocol-structured research and treatment programs to formally affiliated hospitals in other States. The program extends research and care processes from St. Jude into the Affiliates' pediatric care programs, to improve the care of children as close to their homes as possible. Care to the patients of the Affiliates is often provided both at St. Jude, and locally at the Affiliate's campus and in the patients' home communities. These clinical, research, and academic partnerships are currently at the following six locations:

- Baton Rouge, Louisiana--Our Lady of the Lake Children's Hospital at OLOL Regional Medical Center
- Huntsville, Alabama--Huntsville Hospital for Women and Children at Huntsville Hospital
- Johnson City, Tennessee—East Tennessee State University, and Niswonger Children's Hospital at Johnson City Medical Center and
- Peoria, Illinois--University of Illinois College of Medicine Peoria, and Children's Hospital of Illinois at OSF Saint Francis Regional Medical Center

- Shreveport, Louisiana-- LSU Health Sciences Center and Fiest-Weiller Cancer Center at University Health
- Springfield, Missouri--Mercy Children's Hospital Springfield at Mercy Hospital Springfield

St. Jude also has scores of "Collaborative Site" relationships with research and clinical centers across the United States and around the world. Those centers enroll pediatric cancer patients in St. Jude clinical trials. These patients receive care at the collaborating sites.

St. Jude's International Outreach Program (IOP) mission is to improve the survival rates of children with cancer and other catastrophic diseases worldwide, through the sharing of knowledge, technology and organizational skills, implementation of new approaches to treat pediatric cancer globally, and generation of international networks committed to eradicating cancer in children. At 21 partner sites in 15 countries around the world, the IOP works with medical institutions and fund-raising entities to establish and support a basic health infrastructure and a critical mass of healthcare practitioners that can provide diagnostic and treatment expertise needed for local and regional self-sufficiency in pediatric care. This is supplemented with web-based teleconferencing capabilities and web-based and local training initiatives for international health care providers. This enables far more children to be cared for near their homes than could ever travel to St. Jude.

St. Jude's affiliations with organizations other than healthcare providers include the National Comprehensive Cancer Network, the Children's Hospital Association, and the Coalition for Pediatric Medical Research, all of whom support pediatric care initiatives across the country. St. Jude staff participate continuously in their forums and other activities. St. Jude also participates in numerous national and regional consortiums, such as the Pediatric Brain Tumor Consortium (headquartered at St. Jude); the Childhood Cancer Survivor Study; the Southwest Tennessee HIV/AIDS Care Consortium; the End of Life Nursing Education Consortium; and the NIAID Consortium of Centers of Excellence in Influenza Research and Surveillance.

C(III).2. DESCRIBE THE POSITIVE AND/OR NEGATIVE EFFECTS OF THE PROPOSAL ON THE HEALTH CARE SYSTEM. PLEASE BE SURE TO DISCUSS ANY INSTANCES OF DUPLICATION OR COMPETITION ARISING FROM YOUR PROPOSAL, INCLUDING A DESCRIPTION OF THE EFFECT THE PROPOSAL WILL HAVE ON THE UTILIZATION RATES OF EXISTING PROVIDERS IN THE SERVICE AREA OF THE PROJECT.

The project has no identifiable adverse impact on the West Tennessee health care system. Approximately 96% of the beds being constructed at the Kay Center will be replacement beds. The patient base from which St. Jude draws is a national patient base; and the children who come to St. Jude each year do not constitute a significant portion of any one provider's patient base. The types of care that St. Jude provides to these children under research protocols are not provided elsewhere in the service area. By upgrading its facilities and usable bed capacity, St. Jude can better support current expansions of its programs. Expansions of those programs will provide benefits to children everywhere.

C(III).3. PROVIDE THE CURRENT AND/OR ANTICIPATED STAFFING PATTERN FOR ALL EMPLOYEES PROVIDING PATIENT CARE FOR THE PROJECT. THIS CAN BE REPORTED USING FTE'S FOR THESE POSITIONS. IN ADDITION, PLEASE COMPARE THE CLINICAL STAFF SALARIES IN THE PROPOSAL TO PREVAILING WAGE PATTERNS IN THE SERVICE AREA AS PUBLISHED BY THE TENNESSEE DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT AND/OR OTHER DOCUMENTED SOURCES.

The Department of Labor and Workforce Development website indicates the following Memphis area annual salary information for clinical employees of this project:

Table Thirteen: TDOL Surveyed Average Salaries for the Region										
Position	Entry Level	Mean	Median	Experienced						
7 001010	\$48,756	\$59,860	\$59,075	\$65,412						
RN	\$23.45/hr	\$28.80/hr	\$28.40/hr	\$31.45/hr						

Table Fourteen on the following page provides the current and projected staffing for the project.

Table Fourteen: St. Jude Children's Research Hospital Medical Surgical Beds, 3rd-5th Floors, Kay Center **Current and Projected Staffing** Year One Current Year Two FTE's FTE's Salary Range (Hourly) Position Type (RN, etc.) FTE's 98 120 131 \$23.07-\$43.26 Registered Nurse 23 27 29 \$10.45-\$14.92 Patient Care Associates 3 \$10.10-\$12.88 Nursing Utility Assistants 4 Clinical Nurse Specialists 3 4 \$36.43-\$58.30 2 3 3 \$33.12-\$53.00 Managers 12 18 Coordinators 18 \$30.11-\$48.18 176 189 Total FTE's 141

Source: Hospital Management

C(III).4. DISCUSS THE AVAILABILITY OF AND ACCESSIBILITY TO HUMAN RESOURCES REQUIRED BY THE PROPOSAL, INCLUDING ADEQUATE PROFESSIONAL STAFF, AS PER THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, AND/OR THE DIVISION OF MENTAL RETARDATION SERVICES LICENSING REQUIREMENTS.

St. Jude anticipates having no difficulty recruiting for the additional positions required for the project. Historically, the hospital has filled any vacant or new positions quickly. St. Jude is knowledgeable about State licensing requirements for healthcare professionals.

C(III).5. VERIFY THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSING CERTIFICATION AS REQUIRED BY THE STATE OF TENNESSEE FOR MEDICAL/CLINICAL STAFF. THESE INCLUDE, WITHOUT LIMITATION, REGULATIONS CONCERNING PHYSICIAN SUPERVISION, CREDENTIALING, ADMISSIONS PRIVILEGES, QUALITY ASSURANCE POLICIES AND PROGRAMS, UTILIZATION REVIEW PPOLICIES AND PROGRAMS, RECORD KEEPING, AND STAFF EDUCATION.

The applicant so verifies.

C(III).6. DISCUSS YOUR HEALTH CARE INSTITUTION'S PARTICIPATION IN THE TRAINING OF STUDENTS IN THE AREAS OF MEDICINE, NURSING, SOCIAL WORK, ETC. (I.E., INTERNSHIPS, RESIDENCIES, ETC.).

St. Jude works with a large number of educational institutions and healthcare organizations to provide clinical training and rotations. In addition to serving as a federally designated training site for pediatric medical and surgical subspecialty graduate medical education, St. Jude also serves as a training site for the disciplines of Social Work, Respiratory Care, Clinical Nutrition, Child Life, Chaplaincy, Pharmacy, Rehab Services, and Diagnostic Imaging. Additionally, St. Jude sponsors many other educational initiatives (conferences, seminars, symposia, etc.)

The St. Jude Pediatric Oncology Education program is funded by the National Institutes of Health/National Cancer Institute. More than 700 applicants from undergraduate schools, medical schools and pharmacy schools compete for the 50+ slots. Students are matched with faculty mentors based upon specific research interest either in basic science or clinical science. Students attend weekly multi-disciplinary conferences, daily Lunch and Learn conferences, and give presentations on their research projects at the end of their appointments. In general, the projects and presentations lead to manuscripts which are submitted to appropriate journals for possible publication.

St. Jude currently has nurse training relationships for students from the following Nursing Programs:

Samford University	10
Bethel University	23
UT College of Health Sciences	57
Union University	29
Murray State University (KY)	69
Northwest Community College (MS)	39
University of Memphis	32
Auburn University	1
Denver School of Nursing	2
University of North Dakota	4
Creighton University (NE)	1
Nebraska Methodist College	1

#### **Basic Science**

More than 200 basic science students from numerous programs in the U.S. and Europe study at St. Jude. More than 50 of these students are doing Ph.D. level research at St. Jude for thesis completion, with approximately 45 of these students coming from the University of Tennessee College of Graduate Health Sciences. St. Jude has a joint graduate program with the University of Tennessee under an Affiliation Agreement that has existed since the late 1970's.

#### Medical Students/Residents/Fellows

St. Jude has exceptional subspecialty training programs in pediatric malignancies throughout the medical education continuum. Physician trainees acquire skills in the research and patient management processes needed to advance care for children with malignancies and other catastrophic diseases.

#### Residency and Fellowship Programs

St. Jude is home to two Accreditation Council of Graduate Medical Education (ACGME) accredited fellowship programs and six non-accredited fellowship programs. All these Fellows are employed by St. Jude.

St. Jude also provides patient care rotations for residents and fellows from eleven ACGME accredited programs. These ACGME programs include many from the University of Tennessee College of Medicine but also from 12-15 other academic medical centers throughout the country (e.g., University of Maryland, Mayo Clinic, Rush University, Emory, University of Florida). Overall, more than 100 residents and fellows obtain training each year at St. Jude in subspecialties devoted to different aspects of the care of children with malignancies.

The St. Jude Pediatric Hematology Oncology Fellowship program, one of the largest in the country has provided focused research opportunities and training for many years for fellows who now lead their own Hematology and Oncology programs across the country and around the world in a variety of academic medical centers.

#### Medical Students

Each year, through the Office of Clinical Education and Training (CETO), St. Jude provides rotations in almost all areas of patient care for third and fourth year medical students. All University of Tennessee medical students (167/year) are required to

spend a week at St. Jude. In clinic settings they learn from faculty and staff about the patho-physiology, presentations and management of malignancies and hematologic conditions in children. Thirty to forty fourth year medical students from accredited Medical Schools across the country are selected to participate in one month clinical and/or research rotations at St. Jude each year. These M4 students are a critical group of individuals for future generations of Pediatric Hematologists and Oncologists. Although there are infrastructure costs for these rotation experiences, St. Jude has never charged students or institutions for these costs.

#### Physician Scientist Training Program (PSTP)

The PSTP was established in 1998 to fund additional research training for outstanding Physician Scientist Fellows. There are a three positions and each appointment is for one year. A number of prominent physician scientists nationally, and at St. Jude, have received fellowship funding through this program.

C(III).7(a). PLEASE VERIFY, AS APPLICABLE, THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSURE REQUIREMENTS OF THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, THE DIVISION OF MENTAL RETARDATION SERVICES, AND/OR ANY APPLICABLE MEDICARE REQUIREMENTS.

The applicant so verifies.

C(III).7(b). PROVIDE THE NAME OF THE ENTITY FROM WHICH THE APPLICANT HAS RECEIVED OR WILL RECEIVE LICENSURE, CERTIFICATION, AND/OR ACCREDITATION

LICENSURE:

Board for Licensure of Healthcare Facilities

Tennessee Department of Health

**CERTIFICATION:** 

Medicare Certification from CMS

TennCare Certification from TDH

**ACCREDITATION:** Joint Commission

C(III).7(c). IF AN EXISTING INSTITUTION, PLEASE DESCRIBE THE CURRENT STANDING WITH ANY LICENSING, CERTIFYING, OR ACCREDITING AGENCY OR AGENCY.

The applicant is currently licensed in good standing by the Board for Licensing Health Care Facilities, certified for participation in Medicare and Medicaid/TennCare, and fully accredited by the Joint Commission on Accreditation of Healthcare Organizations.

C(III).7(d). FOR EXISTING LICENSED PROVIDERS, DOCUMENT THAT ALL DEFICIENCIES (IF ANY) CITED IN THE LAST LICENSURE CERTIFICATION AND INSPECTION HAVE BEEN ADDRESSED THROUGH AN APPROVED PLAN OF CORRECTION. PLEASE INCLUDE A COPY OF THE MOST RECENT LICENSURE/CERTIFICATION INSPECTION WITH AN APPROVED PLAN OF CORRECTION.

They have been addressed. A copy of the most recent licensure inspection and plan of correction, and/or the most recent accreditation inspection, are provided in Attachment C, Orderly Development--7(C).

C(III)8. DOCUMENT AND EXPLAIN ANY FINAL ORDERS OR JUDGMENTS ENTERED IN ANY STATE OR COUNTRY BY A LICENSING AGENCY OR COURT AGAINST PROFESSIONAL LICENSES HELD BY THE APPLICANT OR ANY ENTITIES OR PERSONS WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE APPLICANT. SUCH INFORMATION IS TO BE PROVIDED FOR LICENSES REGARDLESS OF WHETHER SUCH LICENSE IS CURRENTLY HELD.

None.

C(HI)9. IDENTIFY AND EXPLAIN ANY FINAL CIVIL OR CRIMINAL JUDGMENTS FOR FRAUD OR THEFT AGAINST ANY PERSON OR ENTITY WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE PROJECT.

None.

C(III)10. IF THE PROPOSAL IS APPROVED, PLEASE DISCUSS WHETHER THE APPLICANT WILL PROVIDE THE THSDA AND/OR THE REVIEWING AGENCY INFORMATION CONCERNING THE NUMBER OF PATIENTS TREATED, THE NUMBER AND TYPE OF PROCEDURES PERFORMED, AND OTHER DATA AS REQUIRED.

Yes. The applicant will provide the requested data consistent with Federal HIPAA requirements.

#### PROOF OF PUBLICATION

Attached.

#### **DEVELOPMENT SCHEDULE**

1. PLEASE COMPLETE THE PROJECT COMPLETION FORECAST CHART ON THE NEXT PAGE. IF THE PROJECT WILL BE COMPLETED IN MULTIPLE PHASES, PLEASE IDENTIFY THE ANTICIPATED COMPLETION DATE FOR EACH PHASE.

The Project Completion Forecast Chart is provided after this page.

2. IF THE RESPONSE TO THE PRECEDING QUESTION INDICATES THAT THE APPLICANT DOES NOT ANTICIPATE COMPLETING THE PROJECT WITHIN THE PERIOD OF VALIDITY AS DEFINED IN THE PRECEDING PARAGRAPH, PLEASE STATE BELOW ANY REQUEST FOR AN EXTENDED SCHEDULE AND DOCUMENT THE "GOOD CAUSE" FOR SUCH AN EXTENSION.

Not applicable. The applicant anticipates completing the project within the period of validity.

#### PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision Date, as published in Rule 68-11-1609(c):

#### December 17, 2014

Assuming the CON decision becomes the final Agency action on that date, indicate the number of days from the above agency decision date to each phase of the completion forecast.

PHASE	DAYS REQUIRED	Anticipated Date (MONTH /YEAR)
1. Architectural & engineering contract signed	NA	10-30-14
2. Construction documents approved by TDH	103	4-1-15
3. Construction contract signed	117	4-15-15
4. Building permit secured	132	4-30-15
5. Site preparation completed	NA	NA
6. Building construction commenced	133	5-1-15
7. Construction 40% complete	283	9-30-15
8. Construction 80% complete	433	2-30-16
9. Construction 100% complete	493	5-1-16
10. * Issuance of license	523	6-1-16
11. *Initiation of service	537	6-15-16
12. Final architectural certification of payment	552	7-1-16
13. Final Project Report Form (HF0055)	672	11-1-16

<sup>\*</sup> For projects that do NOT involve construction or renovation: please complete items 10-11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

### INDEX OF ATTACHMENTS

A.4 Ownership--Legal Entity and Organization Chart (if applicable)

A.6 Site Control

B.II.A. Square Footage and Costs Per Square Footage Chart

B.III. Plot Plan

B.IV. Floor Plans

C, Need--3 Service Area Maps

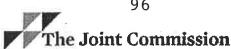
C, Economic Feasibility--1 Documentation of Construction Cost Estimate

C, Economic Feasibility--2 Documentation of Availability of Funding

C, Economic Feasibility--10 Financial Statements

C, Orderly Development--7(C) Licensing & Accreditation Inspections

Miscellaneous Information



February 1, 2013

William E. Evans, PharmD Director/Chief Executive Officer St. Jude Children's Research Hospital 262 Danny Thomas Place Memphis, TN 38105

Joint Commission ID #: 7877 Program: Hospital Accreditation Accreditation Activity: 60-day Evidence of Standards Compliance Accreditation Activity Completed: 02/01/2013

Dear Dr. Evans:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high-quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

The Joint Commission is granting your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

Comprehensive Accreditation Manual for Hospitals

This accreditation cycle is effective beginning November 09, 2012. The Joint Commission reserves the right to shorten or lengthen the duration of the cycle; however, the certificate and cycle are customarily valid for up to 36 months.

Please visit Quality Check® on The Joint Commission web site for updated information related to your accreditation decision.

We encourage you to share this accreditation decision with your organization's appropriate staff, leadership, and governing body. You may also want to inform the Centers for Medicare and Medicaid Services (CMS), state or regional regulatory services, and the public you serve of your organization's accreditation decision.

Please be assured that The Joint Commission will keep the report confidential, except as required by law. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,

Mark G.Pelletier, RN, MS

Chief Operating Officer

Division of Accreditation and Certification Operations



December 5, 2012

William E. Evans, PharmD Director/Chief Executive Officer St. Jude Children's Research Hospital 262 Danny Thomas Place Memphis, TN 38105

Joint Commission ID #: 7877 Program: Home Care Accreditation Accreditation Activity: Unannounced Full

Accreditation Activity Completed: 11/08/2012

Dear Dr. Evans:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high-quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

The Joint Commission is granting your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

#### Comprehensive Accreditation Manual for Home Care

This accreditation cycle is effective beginning November 08, 2012. The Joint Commission reserves the right to shorten or lengthen the duration of the cycle; however, the certificate and cycle are customarily valid for up to 36 months.

Please visit Quality Check® on The Joint Commission web site for updated information related to your accreditation decision.

We encourage you to share this accreditation decision with your organization's appropriate staff, leadership, and governing body. You may also want to inform the state or regional regulatory services, and the public you serve of your organization's accreditation decision.

Please be assured that The Joint Commission will keep the report confidential, except as required by law. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,

Mark G. Pelletier, RN, MS

Chief Operating Officer

Division of Accreditation and Certification Operations

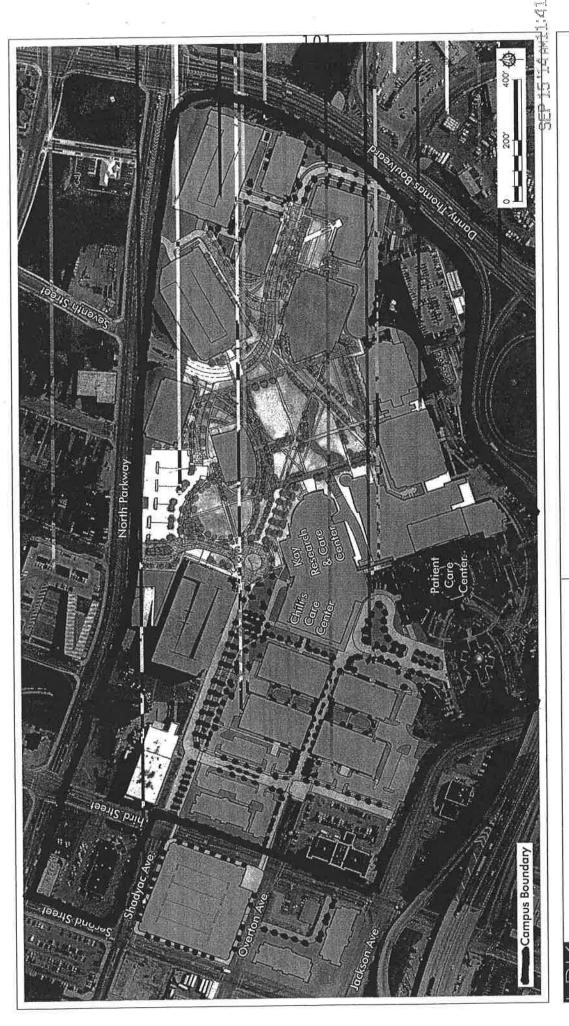
**B.II.A.--Square Footage and Costs Per Square Footage Chart** 

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

											9.0	a				,		JPP	
	Total	\$238,000.00	\$26,079,776.00	\$1,305,920.00	\$27,623,696.00	\$23,968,220.00					\$51,591,916.00			\$51,591,916.00			9	\$51,591,9 <b>75.03</b>	ar
d Final SF	New					\$234.74					\$234.74			\$234.74	Approximation of the second			\$234.74	
Proposed Final Cost / SF	Renovated	\$140.00	\$319.11	\$140.00	\$297.82		10///	Canada province provi	Grand Control of the		\$297.82	1		\$297.82	Santopateraparatean			\$297.82	
_ 0	Total	1,700	81,726	9,328	92,754	102,104					194,858			194,858				194,858	
Proposed Final Square Footage	New					102,104					102,104			102,104				102,104	
g &	Renovated	1,700	81,726	9,328	92,754						92,754			92,754				92,754	
Proposed Final	Location	Kay Center	Kay Center	Kay Center		Kay Center							40083						
Temporary	Location	W	NA	NA		NA									1				
Existing	ည်	1,560	60,094	989'6		102,104													
Existing	Location	Pat. Care Cntr	Pat. Care Cntr	Kay Center		Kay Center													
A. Unit / Department		Respiratory Therapy	Medical Surgical Units	4th-5th Floor Connectors	Subtotal This Project	Bldg & Connector Shells*	*(constructed in CY2014)				B. Unit/Dept. GSF Sub-Total	C. Mechanical / Electrical GSF	D. Circulation / Structure GSF	E. Total GSF				GRAND TOTAL	

# SUPPLEMENTAL #1 September 26, 2014 08-20 am

**B.III.--Plot Plan** 



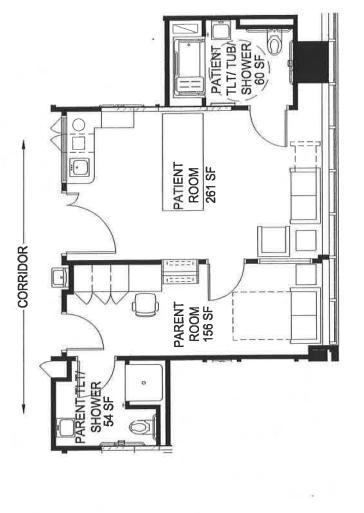
St. Jude Campus Master Plan
St. Jude Children's Research Hospild - Merophia, Tennessee

Concept Plan

ACRES 99

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**B.IV.--Floor Plan** 



PATIENT ROOM 165 SF

CORRIDOR

PATIENT TLT

PARENT TLT 31 SF

PARENT ROOM 89 SF

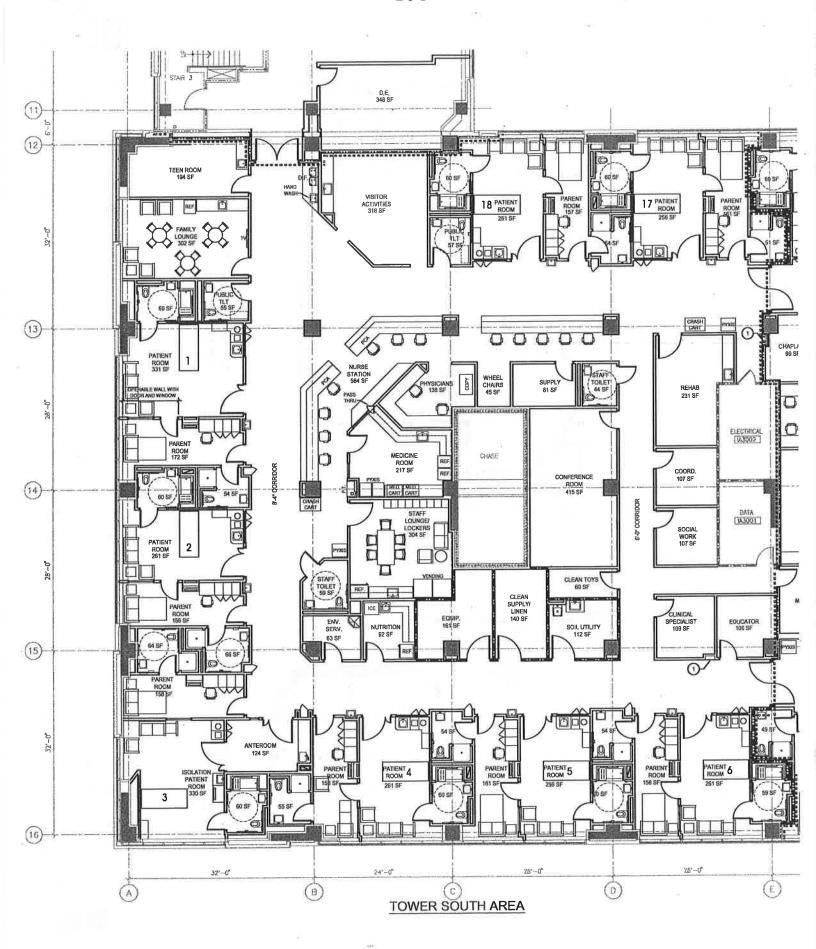
PROPOSED PATIENT/ PARENT ROOMS (TOWER 2) 1/8"=1'-0"

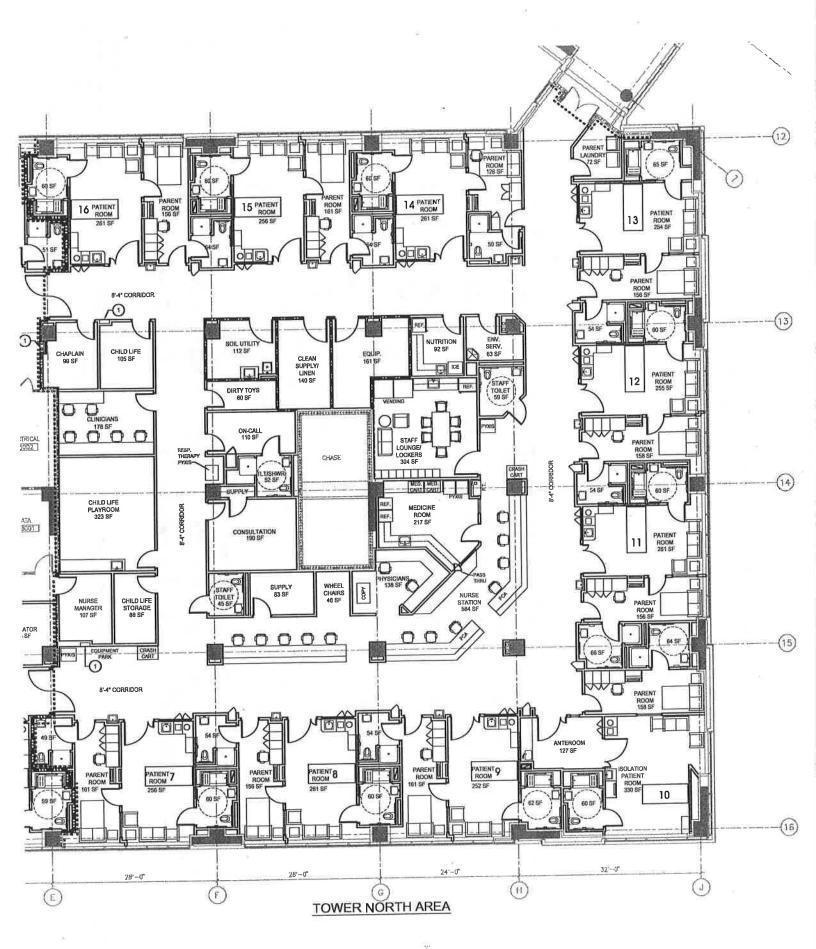
**EXISTING PATIENT/ PARENT ROOMS** (PATIENT CARE CENTER) 1/8"=1-0" Tower 2 - Inpatient Rooms - Floors 3, 4 & 5 315 Danny Thomas Place, Memphis, TN 38105

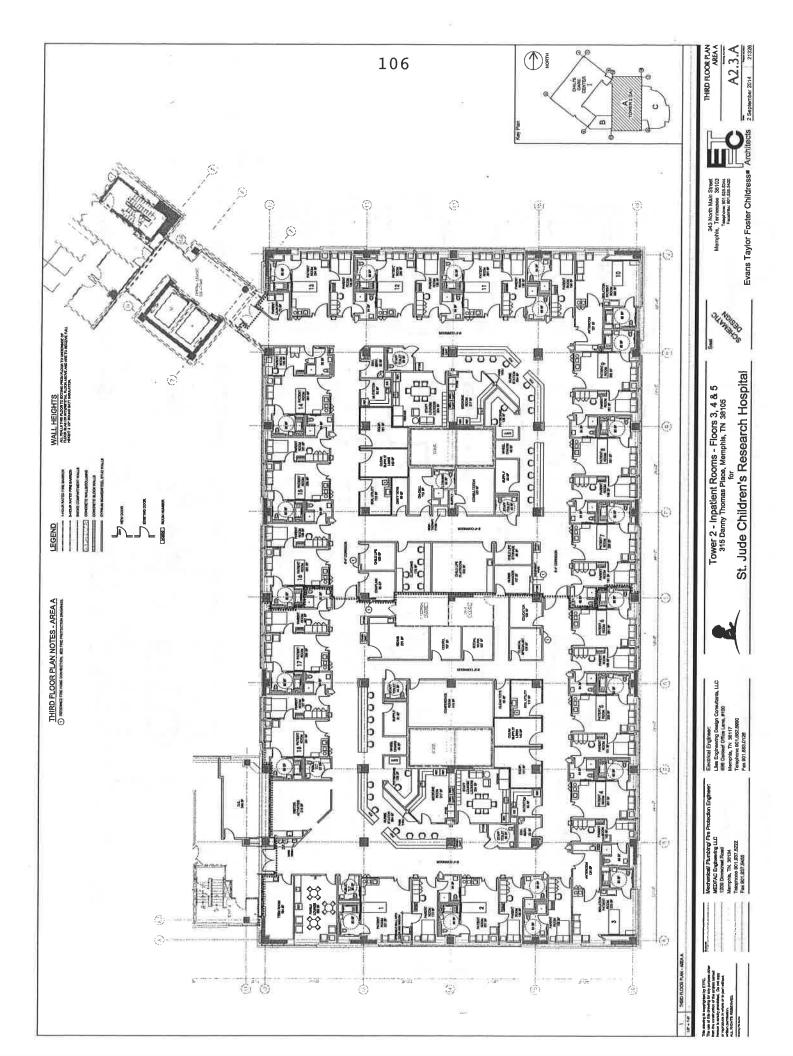
St. Jude Children's Research Hospital

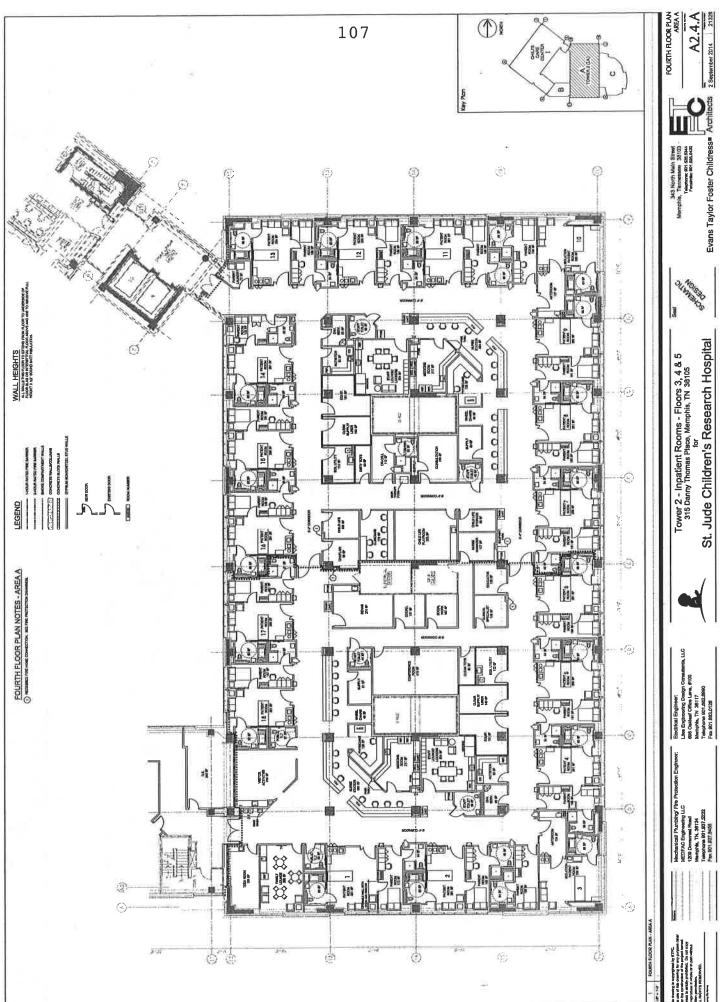
343 North Main Street Memphis, Tennessee 38103 Telephone: 901.525.5344 Facsimile: 901.525.5420

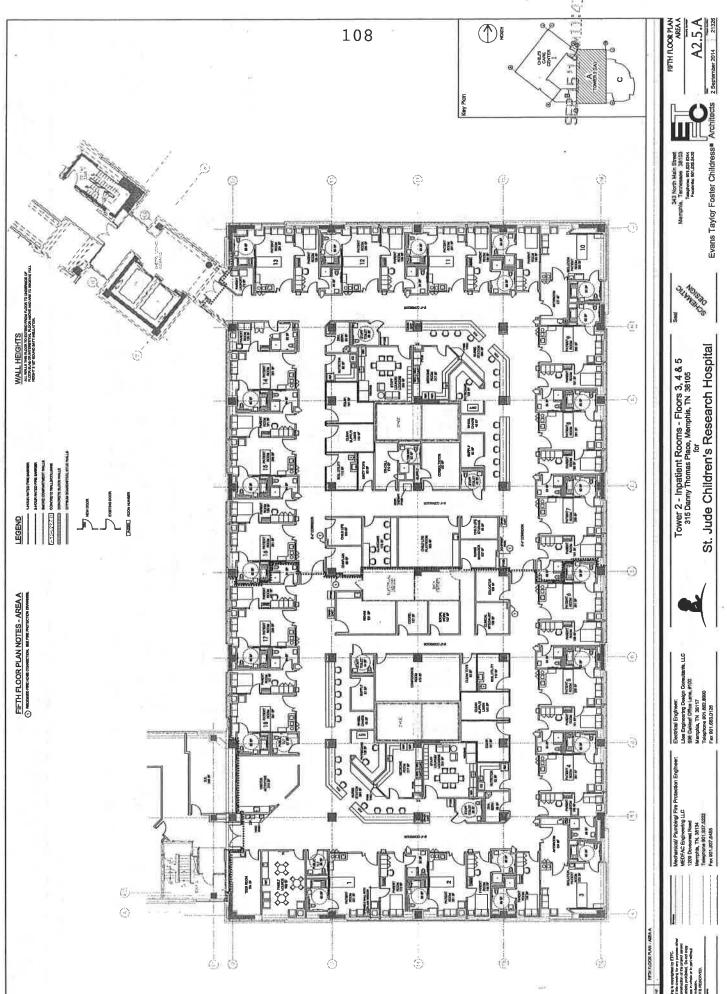
Evans Taylor Foster Childress - Architects

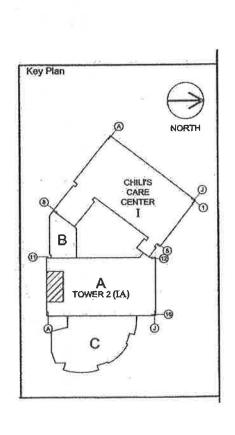


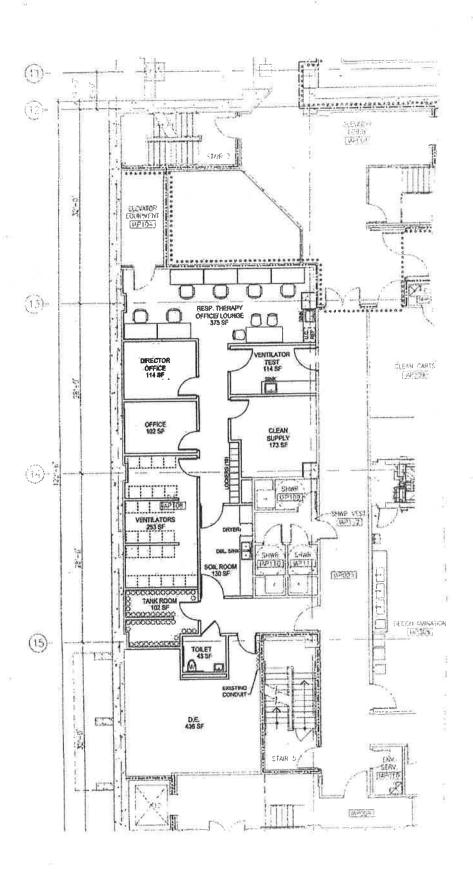




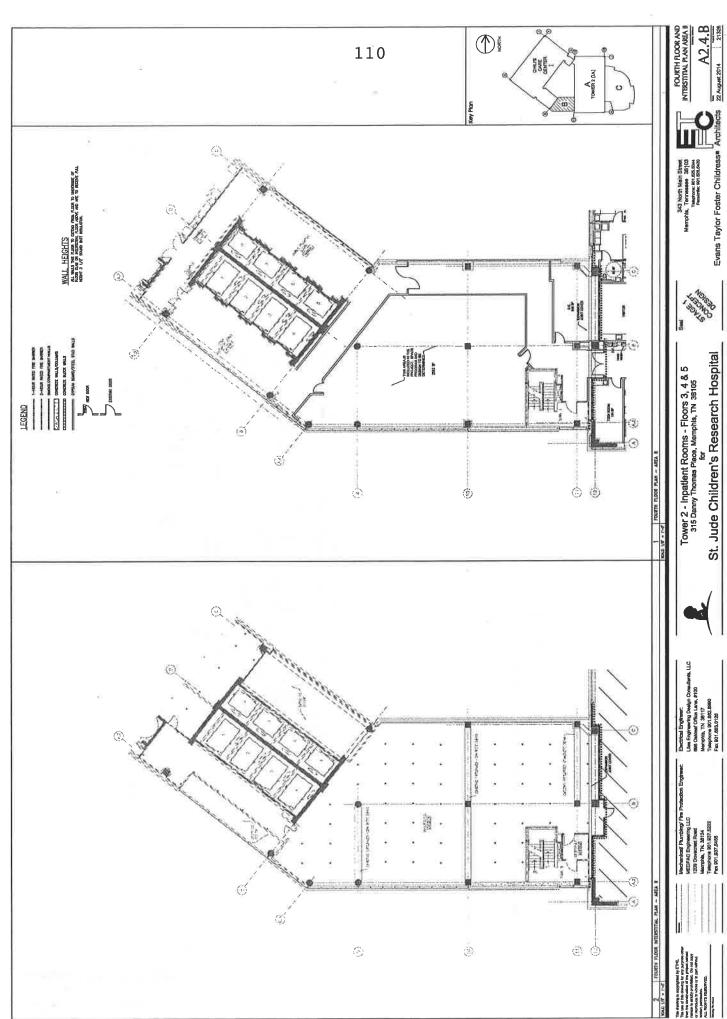


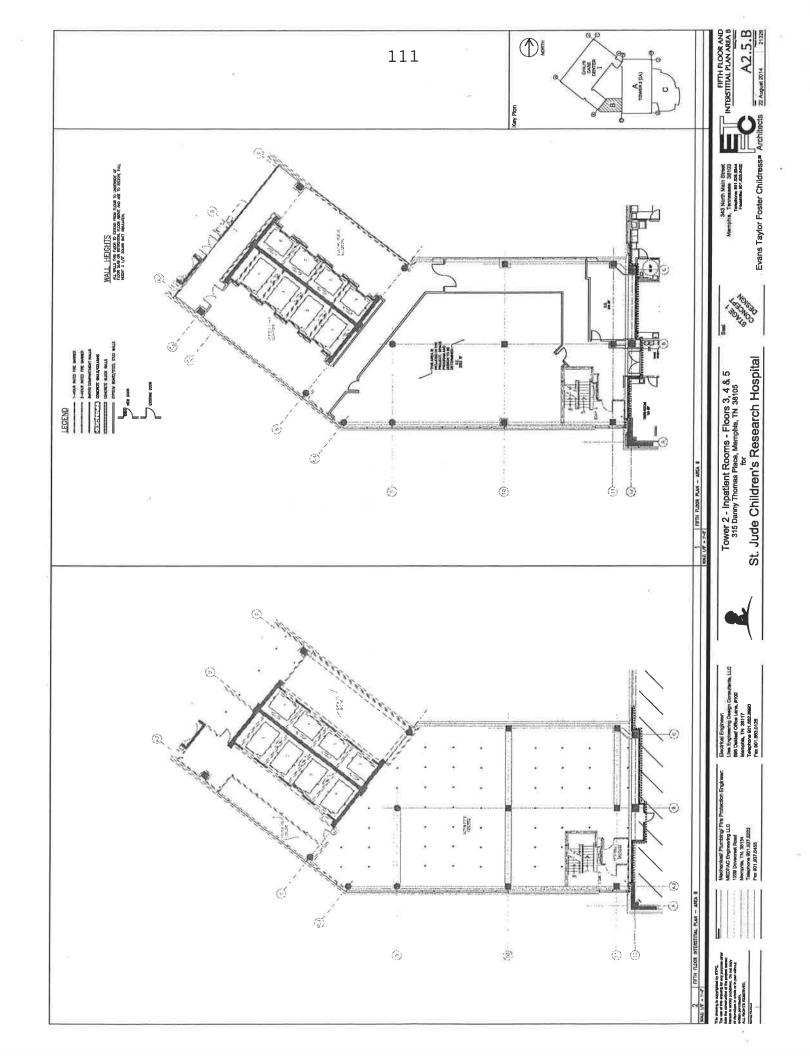




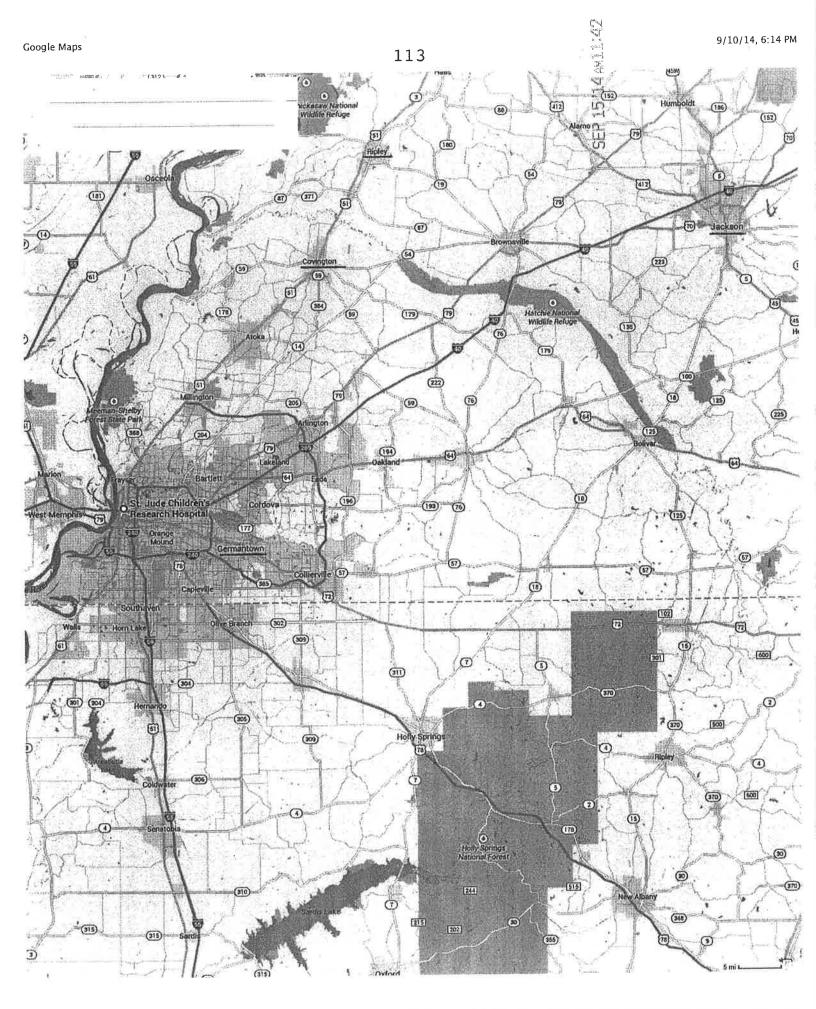


PLAZA LEVEL RESPIRATORY THERAPY





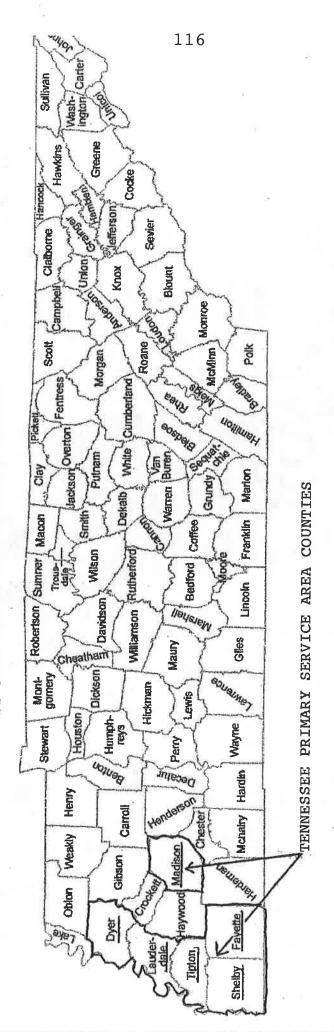
C, Need--3 Service Area Maps











ST JUDE CHILDREN'S RESEARCH HOSPITAL

# C, Economic Feasibility--1 Documentation of Construction Cost Estimate



#### EVANS TAYLOR FOSTER CHILDRESS - ARCHITECTS

September 10, 2014

Mr. John Curran
Director Design and Construction
St. Jude Children's Research Hospital
262 Danny Thomas Place, Mail Stop 503
Memphis, Tennessee 38105-3678

RE: Bed Replacement and Respiratory Therapy Project St. Jude Children's Research Hospital 262 Danny Thomas Place Memphis, TN. 38105 ETFC 21326

#### Dear John:

Evans Taylor Foster Childress Architects (ETFC) has reviewed the construction cost estimate for this project and, in our opinion, finds the estimated amount of approximately \$27,623,696.00 to be reasonable for the type and size of project for the West Tennessee area. In providing this opinion, it is understood that ETFC has no control over the cost of availability of labor, equipment or materials, or over market conditions, or the Contractor's method of pricing, or the Code Reviewer's interpretation at a later date of the requirements for the project, and that this opinion is made on the basis of ETFC's professional judgment and experience. ETFC makes no warranty, express or implied, that the bids or the negotiated cost of the Work will not vary from the construction cost estimate.

The following codes and regulations will be followed in the design of this project:

- Codes and Regulations enforced by the State of Tennessee Department of Health
  - a. 2012 International Building Code (IBC)
  - b. 2012 National Fire Protection Association
  - c. 2012 International Plumbing Code (IPC)
  - d. 2012 International Mechanical Code (IMC)
  - e. 2012 International Fuel Gas Code (IFC)
  - f. 2012 NFPA1, excluding NFPA 5000
  - g. 2011 National Electric Code
  - h. 2008 ASHRAE/ASHE Standard
  - i. 2010 Guidelines for Design and Construction of Healthcare Facilities
  - j. 2012 NFPA Life Safety Code (LSC)
  - k. 2012 NFPA 99 Health Care Facilities
    Codes and Regulations enforced by the Memphis and Sh
- Codes and Regulations enforced by the Memphis and Shelby County Office of Construction Code Enforcement
  - a. 2009 Edition International Building Code (Chapters 1-13 and 27-33 and Chapter 35) with Local Amendments (IBC)
  - b. 2012 Edition International Existing Building Code (Chapters 14-26 and Chapter 34) with Local Amendments (IBC)
  - c. 2012 Edition International Existing Building Code
  - d. 2012 Edition International Residential Building Code

- e. 2003 Edition American National Standard ICC A 117.1 2009 in conjunction with Chapter 11 of 2009 IBC
- f. 2008 Edition National Electric Code (NEC)
- g. 2012 Edition Joint Electrical Code (JEC)
- h. 2009 Edition International Mechanical Code (IMC)
- i. 2009 Edition International Gas Code with Local Amendments (IGC)
- j. 2009 Edition International Plumbing Code with Local Amendments (IPC)
- k. 2010 Edition ANSI/ASME Elevator Code A17.1
- 1. 2009 Edition International Energy Conservation Code (IECC)
- 3. Notes
  - a. This project is to also comply with the 2010 ADA Standards for Accessible Design
  - b. When conflicts occur between any of the above referenced codes, the more stringent requirement is to be followed.

Sincerely,

Rusty Foster, AIA, Partner

C, Economic Feasibility--2
Documentation of Availability of Funding



September 4, 2014

Melanie Hill, Executive Director Tennessee Health Services and Development Agency Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, TN 37243

Dear Mrs. Hill:

St. Jude Children's Research Hospital, Inc. (a corporation), intends to file an application for a Certificate of Need (CON) to construct fifty-four (54) inpatient acute care beds on three shelled floors (floors 3-5) of its Kay Research and Care Center, located at 315 Danny Thomas Place, Memphis, TN 38105, on the St. Jude campus. Fifty-two (52) of those beds will be replacement beds; two (2) will be new licensed beds. The project will also finish out two shelled-in connectors to an adjoining building and will relocate Respiratory Therapy from the Patient Care Center to the Kay Center. This will require approximately \$38,600,000.00 in actual capital expenditures.

American Lebanese Syrian Associated Charities, Inc. ("ALSAC"), a not-for-profit, section 501(c)(3) corporation, is the charity founded by the late entertainer Danny Thomas in 1957 to raise funds exclusively for the support of St. Jude Children's Research Hospital. As Chief Financial Officer of ALSAC, I am writing to confirm that ALSAC will provide all funding required to complete the tower project and operate its new services, and that ALSAC will continue to cover any operational deficits of the hospital as it pursues its mission of pediatric research and patient care.

To ensure continued funding of hospital operational expenses, ALSAC will provide cash transfers to the hospital, as needed. The Certificate of Need application includes appropriate excerpts from ALSAC's current audited financial statements, documenting that sufficient cash reserves, operating income, and lines of credit exist at ALSAC to provide the referenced funding.

Sincerely,

Jeff Pearson

Chief Financial Officer

ALSAC/St. Jude Children's Research Hospital

C, Orderly Development--7(C)
Licensing & Accreditation Inspections



March 22, 2005

State of Tennessee
Department of Health
West Tennessee Health Care Facilities
781B Airways Boulevard
Jackson, Tennessee 38310-3203

Attention: Celia Skelley, MSN, RN

RE: Fire Safety Licensure Survey, March 10, 2005

Dear Ms. Skelley,

We have completed the repairs required to correct the two deficiencies noted during the subject Fire Safety Licensure Survey. The Statement of Deficiencies and Plan for Correction Form is completed and enclosed for your records as required.

If you have any questions, or if I can be of further assistance, please call me at (901)495-3608.

Respectfully submitted,

Robert B. Hall, CPE, CEM

Director, Facility Operations and Maintenance



## STATE OF TENNESSEE DEPARTMENT OF HEALTH WEST TENNESSEE HEALTH CARE FACILITIES 781-B AIRWAYS BOULDVARD JACKSON, TENNESSEE 38301-3203

March 17, 2005

Dr. William Evans, Director St. Jude Children's Research Hospital 332 N Lauderdale Street Montphis TN 38105

RE: Fire Safety Licensure Survey

Dear Dr. Evans:

Enclosed is the statement of deficiencies for the fire safety licensure survey completed at your facility completed on March 10, 2005. Based upon [2008-1-08, you are asked to submit an acceptable plan of correction for achieving compliance with completion dates, and signature within ten (10) days from the date of this letter.

Please address each deficiency separately with positive and specific statements advising this office of a plan of correction that includes acceptable three such deficiencies. Enter on the right side of the State Form, opposite acceptable three such deficiencies, your planned action to correct the deficiencies and the expected completion date. The completion date can be no longer than 45 days from the day of survey. Before the plan can be considered "acceptable," it must be signed and dated by the administrator

Your plan of correction must contain the following:

- > How the delicioncy will be corrected;
- > How the facility will prevent the same deficiency from recurring.
- A The date the Afficiency will be corrected;
- The sometimes will be monitored.

Please be advised that under the disclosure of survey information provisions, the Statement of Deficiencies will be available to the

If you are in disagreement with the deliciencies cited, you may request an Informal Dispute Resolution. The request must be made in weating and be submitted with the Plan of Correction to the West Tennessee Health Care Facilities Regional Office. Each deficiency being disputed must be listed and evidence must be provided to verify that the deficiency should not have been cited. This process will not tleday any enforcement action.

If assistance is needed, please feel free to call me at 731-421-5113.

Sincerely,

Celia Skelley, MSN, RN

Public Health Consultant Nurse 2

CS/TW

		of Health Care Fac of or Deficiencies of Connection	(X1) PROVIDER/SUPPLI IDENTIFICATION NO	ER/CLIA IMBER:	(X2) MULTI A. BUILDING B. VVING	PLE CONSTRUCȚIOI 3 OC - MAIN	N	(X3) DATE SI COMPLE	
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	Division of He	pality Care Eacilities		>, He (	NATURE D	irector, Fic		sist Main	(X8) DATE

STATE FORM

NSWC21

Econtinuation sheet 1 of 1

#### Hall, Bruce

From: Griffin, Dean

Sent: Tuesday, March 15, 2005 10:50 AM

To: Hall, Bruce

Subject: Fire Marshal's Visit on 3/10/05

#### Brúce,

Townry Hardin with the State Fire Marshal's office performed an inspection of the Patient Care Center and Alsac Tower patient areas and kitchen on 3/10/05. A walk-through was made of all floors and areas where patient care is provided. He also visited our office where documentation of fire safety compliance was reviewed. Overall the inspection was excellent. The only noted deficiencies were two fire doors that did not properly latch (PCC 2nd floor north center fire door and the double doors leading into the PCC Garage). Both doors were repaired on 3/11/05 and verified by me to be working properly.

Dean

C, Economic Feasibility--10 Financial Statements St. Jude Children's Research Hospital, Inc. American Lebanese Syrian Associated Charities, Inc.

Combined Financial Statements as of and for the Years Ended June 30, 2013 and 2012, and Independent Auditors' Report

#### ST. JUDE CHILDREN'S RESEARCH HOSPITAL, INC. AMERICAN LEBANESE SYRIAN ASSOCIATED CHARITIES, INC.

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COMBINED FINANCIAL STATEMENTS AS OYEARS ENDED JUNE 30, 2013 AND 2012:	OF AND FOR THE		
Statements of Financial Position			3
Statements of Activities	,		4–5
Statements of Functional Expenses			6–7
Statements of Cash Flows			8
Notes to Combined Financial Statements			9–24

### Deloitte.

Deloitte & Touche LLP 100 Peabody Place Suite 800 Memphis, TN 38103-0830 USA

Tel: +1 901 322 6700 Fax: +1 901 322 6799 www.deloitte.com

#### INDEPENDENT AUDITORS' REPORT

To the Board of Governors of St. Jude Children's Research Hospital, Inc. and the Board of Directors of American Lebanese Syrian Associated Charities, Inc.

We have audited the accompanying combined financial statements of St. Jude Children's Research Hospital, Inc. and American Lebanese Syrian Associates Charities, Inc. (collectively, the "Organization"), which comprise the combined statements of financial position as of June 30, 2013 and 2012, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

#### Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Organization as of June 30, 2013 and 2012, and the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

October 21, 2013

Delvitte & Touche UP

#### ST. JUDE CHILDREN'S RESEARCH HOSPITAL, INC. AMERICAN LEBANESE SYRIAN ASSOCIATED CHARITIES, INC.

COMBINED STATEMENTS OF FINANCIAL POSITION AS OF JUNE 30, 2013 AND 2012

ASSETS	2013	2012
A35E15		
CASH AND CASH EQUIVALENTS	\$ 42,378,176	\$ 84,035,939
RECEIVABLES: Contributions Patient care services — net Grants and contracts Other	21,141,316 13,112,953 5,664,796 1,689,320	17,361,882 12,790,434 8,142,964 2,390,580
UNRESTRICTED INVESTMENTS	1,784,208,195	1,499,058,806
RESTRICTED INVESTMENTS	897,401,395	828,468,535
ASSETS LIMITED AS TO USE	11,939,754	11,687,967
PROPERTY AND EQUIPMENT — Net	539,600,897	495,124,755
OTHER ASSETS	19,595,347	22,856,460
TOTAL	\$ 3,336,732,149	\$ 2,981,918,322
LIABILITIES AND NET ASSETS		
LIABILITIES: Accounts payable Accrued expenses Annuity obligations Long-term debt Other liabilities	\$ 42,262,021 45,054,004 36,228,849 228,557,040 12,300,793	\$ 44,017,749 45,088,309 29,076,274 233,841,492 12,138,233
Total liabilities	364,402,707	364,162,057
NET ASSETS: Unrestricted Temporarily restricted Permanently restricted	2,068,341,902 60,144,267 843,843,273	1,782,242,015 52,799,597 782,714,653
Total net assets	2,972,329,442	2,617,756,265
TOTAL	\$ 3,336,732,149	\$ 2,981,918,322

ST. JUDE CHILDREN'S RESEARCH HOSPITAL, INC. AMERICAN LEBANESE SYRIAN ASSOCIATED CHARITIES, INC.

COMBINED STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	Total	785 050 557 8		805,669,850	95,536,676 95,189,714 (26,054,965) 8,636,409		173,307,834	978,977,684	289,489,762 309,831,750	71,524,200	670,845,712	(Continued)
2012	Permanently Restricted	000 030	3,609,109	3,859,109	(8,877,846)		(9,777,846)	(5,918,737)	(*)			
20	Temporarily Restricted		4,400,713	4,400,715	2,550,365		1,485,177	5,885,892	100 4	(14)	99	
	Unrestricted		\$ 651,303,869 137,580,714 8,525,443	797,410,026	95,536,676 95,189,714 (19,727,484) 1,965,188	0,050,407	181,600,503	979,010,529	289,489,762	71,524,200	670,845,712	
	Total		\$ 718,184,365 152,813,726 10,250,679	881,248,770	104,014,142 93,786,270 201,569,845	10,776,598	410,148,655	1,291,397,425	299,875,022	76,226,314	691,916,274	
13	Permanently Restricted		\$ 250,000 455,311	705,311	69,209,599		60,423,309	61,128,620	<b>(</b>	i	*	
2013	Temporarily Restricted		\$ 4,084,400 50,000	4,134,400	5,615,939 (2,405,669)		3,210,270	7,344,670	a s	e x	10	
	Unrestricted		\$ 713,849,965 152,308,415 10,250,679	876,409,059	104,014,142 93,786,270 126,744,307 11,191,959	10,778,398	346,515,076	1,222,924,135	299,875,022	76,226,314	691,916,274	
	•	REVENUES, GAINS, AND OTHER SUPPORT: Support:	Contributions Bequests Special events — net	Total support	Revenues: Net patient service revenue Research grants and contracts Net investment income (loss) Net assets released from restrictions	Other revenues	Total revenues	Total revenues, gains (losses), and other support	EXPENSES: Program services: Patient care services	Research Education, training, and community services	Total program services	

ST. JUDE CHILDREN'S RESEARCH HOSPITAL, INC. AMERICAN LEBANESE SYRIAN ASSOCIATED CHARITIES, INC.

COMBINED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

		- 52	2013			20	2012	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
EXPENSES: Supporting services: Fundraising	\$ 149,477,159	69	69	\$ 149,477,159	\$ 143,085,645	69	1101	\$ 143,085,645
Administrative and general — Hospital	30,530,204	0.00	) wy	30,530,204	28,172,240	Ā.	el s	28,172,240
Administrative and general — ALSAC	63,827,347		50	63,827,347	58,749,670			58,749,670
Total supporting services	243,834,710			243,834,710	230,007,555		•	230,007,555
Total expenses	935,750,984	×		935,750,984	900,853,267		,	900,853,267
REVENUES, GAINS (LOSSES), AND OTHER SUPPORT IN EXCESS OF EXPENSES	287,173,151	7,344,670	61,128,620	355,646,441	78,157,262	5,885,892	(5,918,737)	78,124,417
LOSS FROM DISPOSAL OF PROPERTY AND EQUIPMENT	(1,073,264)		•	(1,073,264)	(2,007,506)	10		(2,007,506)
CHANGE IN NET ASSETS	286,099,887	7,344,670	61,128,620	354,573,177	76,149,756	5,885,892	(5,918,737)	76,116,911
NET ASSETS — Beginning of year	1,782,242,015	52,799,597	782,714,653	2,617,756,265	1,706,092,259	46,913,705	788,633,390	2,541,639,354
NET ASSETS — End of year	\$ 2,068,341,902	\$ 60,144,267	\$ 843,843,273	\$ 2,972,329,442	\$ 1,782,242,015	\$ 52,799,597	\$ 782,714,653	\$2,617,756,265

See notes to combined financial statements,

(Concluded)

ST. JUDE CHILDREN'S RESEARCH HOSPITAL, INC. AMERICAN LEBANESE SYRIAN ASSOCIATED CHARITIES, INC.

COMBINED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2013

		Proorag	Program Services			Supporting Services		
			Education.					Total
	Patient Care Services	Research	Training, and Community Service	Total Program Services	Fundraising	Administrative and General	Total Supporting Services	Program and Supporting Services
SALARIES AND BENEFITS	\$161,876,479	\$172,975,108	\$ 15,839,335	\$350,690,922	\$ 48,059,516	\$ 44,619,916	\$ 92,679,432	\$443,370,354
CAMPAIGN MATERIALS AND EXPENSES	¥	¥.	21,713,864	21,713,864	23,675,691	2,877,538	26,553,229	48,267,093
PROFESSIONAL FEES AND CONTRACT SERVICES	39,985,999	46,431,732	6,938,565	93,356,296	5,477,324	10,347,169	15,824,493	109,180,789
SUPPLIES	53,012,705	39,562,579	319,606	92,894,890	Ŧ	1,568,844	1,568,844	94,463,734
TELEPHONE	466,423	583,340	2,013,778	3,063,541	5,539,761	2,359,379	7,899,140	10,962,681
MAILING COSTS	ж		20,231,011	20,231,011	39,575,571	7,751,857	47,327,428	67,558,439
OCCUPANCY	9,046,325	9,337,808	641,003	19,025,136	3,236,610	3,680,480	6,917,090	25,942,226
PRINTING AND PUBLICATIONS	•	œ	554,869	554,869	3,555,581	647,399	4,202,980	4,757,849
TRAVEL, MEETINGS AND LOCAL TRANSPORTATION	6,480,768	3,025,543	1,706,802	11,213,113	5,693,542	2,258,279	7,951,821	19,164,934
INTEREST AND AMORTIZATION	2,592,641	4,817,197	398	7,410,236	ε	7,979	7,979	7,418,215
SERVICE FEES	Ĩ		2,137,258	2,137,258	5,817,328	2,554,811	8,372,139	10,509,397
EQUIPMENT AND SOFTWARE MAINTENANCE	8	(8)	725,238	725,238	1,612,752	2,331,982	3,944,734	4,669,972
MISCELLANEOUS	2,923,977	3,417,362	2,280,344	8,621,683	5,376,025	5,882,020	11,258,045	19,879,728
Total before depreciation	276,385,317	280,150,669	75,102,071	631,638,057	147,619,701	86,887,653	234,507,354	866,145,411
DEPRECIATION	23,489,705	35,664,269	1,124,243	60,278,217	1,857,458	7,469,898	9,327,356	69,605,573
TOTAL FUNCTIONAL EXPENSES	\$299,875,022	\$315,814,938	\$ 76,226,314	\$691,916,274	\$149,477,159	\$ 94,357,551	\$243,834,710	\$935,750,984

ST. JUDE CHILDREN'S RESEARCH HOSPITAL, INC. AMERICAN LEBANESE SYRIAN ASSOCIATED CHARITIES, INC.

COMBINED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2012

		Ргодгап	Program Services			Supporting Services		• •
	Patient Care Services	Research	Education, Training, and Community Service	Total Program Services	Fundraising	Administrative and General	Total Supporting Services	Total Program and Supporting Services
SALARIES AND BENEFITS	\$152,974,108	\$167,731,765	\$ 14,721,071	\$335,426,944	\$ 44,376,190	\$ 41,649,754	\$ 86,025,944	\$421,452,888
CAMPAIGN MATERIALS AND EXPENSES	ji	ä	18,418,976	18,418,976	21,677,664	2,683,026	24,360,690	42,779,666
PROFESSIONAL FEES AND CONTRACT SERVICES	37,853,367	45,329,925	5,641,213	88,824,505	1,924,112	5,501,971	7,426,083	96,250,588
SUPPLIES	47,949,165	37,368,461	447,229	85,764,855	٠	1,362,414	1,362,414	87,127,269
TELEPHONE	505,600	606,613	1,734,012	2,846,225	5,782,169	2,440,768	8,222,937	11,069,162
MAILING COSTS	100		20,658,451	20,658,451	39,927,877	7,722,795	47,650,672	68,309,123
OCCUPANCY	8,804,022	10,022,202	623,585	19,449,809	2,970,352	3,681,329	6,651,681	26,101,490
PRINTING AND PUBLICATIONS	540	7/615	414,688	414,688	2,876,300	576,536	3,452,836	3,867,524
TRAVEL, MEETINGS AND LOCAL TRANSPORTATION	6,646,528	3,182,441	1,564,650	11,393,619	4,856,991	1,789,171	6,646,162	18,039,781
INTEREST AND AMORTIZATION	3,706,545	6,308,785	919	10,016,249	1001	18,641	18,641	10,034,890
SERVICE FEES	E <b>4</b>	30	1,648,848	1,648,848	5,694,559	2,305,658	8,000,217	9,649,065
EQUIPMENT AND SOFTWARE MAINTENANCE	ı		591,143	591,143	1,356,285	2,278,256	3,634,541	4,225,684
MISCELLANEOUS	6,408,965	3,739,931	4,079,285	14,228,181	10,275,837	7,565,571	17,841,408	32,069,589
Total before depreciation	264,848,300	274,290,123	70,544,070	609,682,493	141,718,336	79,575,890	221,294,226	830,976,719
DEPRECIATION	24,641,462	35,541,627	980,130	61,163,219	1,367,309	7,346,020	8,713,329	69,876,548
TOTAL FUNCTIONAL EXPENSES	\$289,489,762	\$309,831,750	\$ 71,524,200	\$670,845,712	\$143,085,645	\$ 86,921,910	\$230,007,555	\$900,853,267

#### ST. JUDE CHILDREN'S RESEARCH HOSPITAL, INC. AMERICAN LEBANESE SYRIAN ASSOCIATED CHARITIES, INC.

COMBINED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:	D 054 572 177	e 76 116 011
Changes in net assets	\$ 354,573,177	\$ 76,116,911
Adjustments to reconcile change in net assets to net cash		
provided by operating activities:	69,605,573	69,876,548
Depreciation Amortization	(559,744)	(556,433)
Net realized and unrealized investment (gains) losses	(175,697,278)	50,702,936
Loss on disposal of property and equipment	1,073,264	2,007,506
Transfer of permanently restricted contributions, interest and		
transfers of restricted assets	263,089	(10,841,894)
Changes in operating assets and liabilities:	•	,
Contributions receivable	(3,779,434)	(2,117,664)
Patient care and other receivables	2,856,909	1,758,141
Other assets	3,191,405	(126,771)
Accounts payable and accrued expenses	(1,627,473)	5,912,435 3,873,159
Annuity obligations	7,152,575	3,873,139
Net cash provided by operating activities	257,052,063	196,604,874
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(710,047,478)	(543,070,739)
Sale of investments	531,529,345	418,530,603
Net (increase) decrease in assets limited as to use	(118,625)	1,607,746
Capital expenditures	(115,820,675)	(81,105,242) 971,839
Proceeds from disposal of property and equipment	665,696	9/1,039
Net cash used in investing activities	(293,791,737)	(203,065,793)
		100
CASH FLOWS FROM FINANCING ACTIVITIES:		
Transfer of permanently restricted contributions, interest and	(263,089)	10,841,894
transfers of restricted assets	(4,655,000)	(4,435,000)
Bond principal payments	(1,1,2,2,1,2,2)	
Net cash (used in) provided by financing activities	(4,918,089)	6,406,894
NET CHANGE IN CASH AND EQUIVALENTS	(41,657,763)	(54,025)
CASH AND CASH EQUIVALENTS — Beginning of year	84,035,939	84,089,964
CASH AND CASH EQUIVALENTS — End of year	\$ 42,378,176	\$ 84,035,939

# SUPPLEMENTAL-#1 -Copy-

St Jude Children's Hospital

CN1409-040

## DSG Development Support Group



September 25, 2014

Phillip M. Earhart, HSD Examiner Tennessee Health Services and Development Agency Andrew Jackson Building, 9<sup>th</sup> Floor 502 Deaderick Street Nashville, TN 37243

RE:

CON Application #1409-040

St. Jude Children's Research Hospital

Dear Mr. Earhart:

This letter responds to your recent request for additional information on this application. The items below are numbered to correspond to your questions. They are provided in triplicate, with affidavit.

1. Applicant Profile, Item 6

The applicant lists the address of the site as 315 Danny Thomas Place. This address is not listed in the lease agreement. Please clarify.

Attached at the end of this letter is a warranty deed dated 11-30-97, in which ALSAC acquired from The Sisters of St. Francis Health Services, Inc. all of the latter's campus for development into SJCRH. These tracts included the land on which this project's building was later constructed. North Parkway went through the tracts. Now the part of North Parkway within the campus, and fronting this project, is a private street. It has been renamed Danny Thomas Place. The number "315" is not a postal address; mail coming to St. Jude arrives at a central mailroom and is internally distributed. The Shelby County utilities authority assigned the "315" on its maps of utility grids and St. Jude uses it for convenience.

Attached with the 1997 document is a campus plan filed with the Shelby County Register of Deeds showing that the project site is within the land controlled by St. Jude.

Page Two September 25, 2014

#### 2. Section B, Item I (Executive Summary)

a. On pages 8 and 13 the applicant lists \$38,532,236 as the capital expenditure for the project and \$38,532,296 in the Project Costs Chart. Please clarify.

The Project Cost Chart is correct. Attached following this page are revised pages 8R and 13R with the discrepancy corrected.

#### b. How will space in the vacated patient care center be used?

The project will remove licensed beds from one of the four floors at the Patient Care Center. That building's first floor is currently used for outpatient clinics. It is St. Jude's long-range plan to convert the other three floors to the same use. A consulting firm has been engaged for the past five months in conceptual planning for such a conversion. However, there is not yet a schedule for that conversion.

#### 3. Section B, Item II. A Square Footage and Cost per Square Footage

a. There appears to be calculation errors in the New and Total Columns in the Proposed Final Square Footage Section of the Square Footage and Cost per Square Footage Chart. If necessary, please revise the chart and where these figures are referenced in other parts of the application.

Attached after this page is a revised Chart with the errors corrected.

Page Three September 25, 2014

b. The total construction cost of \$505.29 PSF is noted. However, please explain why this cost is above the 3<sup>rd</sup> quartile total construction cost of \$274.63/sq.ft. that also includes shelled in space and build out costs.

There are two major reasons for the high construction cost of the project.

First, the Kay Center Tower has been constructed with "interstitial" levels. Those are eight-foot-tall maintenance "floors" above each patient care floor, so that periodic maintenance and repairs of HVAC, wiring, and plumbing can be done without entering patient care floors below. This protects the children from risks of infection and from noise and traffic. It also ensures that the children need not be displaced from their rooms during repairs and maintenance, which would interfere with some aspects of carefully controlled research projects. But having an interstitial level attached to each patient care floor significantly increases the cost PSF of each patient care floor.

Second, St. Jude's construction contracts include the cost of special contractor-installed and contractor-tested and certified technology that is required for high acuity patients and for research documentation. Examples include the following. These significantly increase the costs of construction.

- HVAC control systems for temperature, humidity, and pressurization of all rooms.
- Advanced data and communication cabling installations to support all the Ethernet systems for medical records and staff and patient communications.
- Nurse call systems supporting patient and nurse communications, code blue, nurse, and equipment tracking and Vocera communications among staff.
- Specialized radio and public announcement systems that allow communications for maintenance radios on the interstitial floors and PA overhead announcements.
- · Security systems to monitor and lock down all floors.
- A wireless network covering every space in the structure.
- A distributed antennae system to allow cell phone coverage in all spaces, due to both the concrete structure of the building, and to increasing use of cell phone for caregiver applications.
- Physiological monitoring telemetry systems on each patient care floor.
- A programmable dimmable lighting system that allows individual room control of lighting levels and saves energy.
- The inclusion of dedicated parent bathrooms with showers in every child's room.

Page Four September 25, 2014

#### 4. Section C. (Need) Item 6

a. Please discuss the reason the average length of stay is expected to increase from 5.3 days in 2012 to 6.6 days in 2017, then decrease to 6.0 days in 2018.

The 5.6 day average length of stay (ALOS) for FYE 2017 in Table Eight-D on page 40 is correct. Tables Eight-B and -C on page 39 should have reflected the same 5.6 number, but were mistyped as "6.6". Attached after this page is a revised page 39R correcting the FYE 2017 ALOS in both tables from 6.6 to 5.6 days.

The correct projection is for ALOS to slowly increase each year from CY2014 through FYE 2018.

The decline in ALOS from FYE 2012 through FYE 2013 was caused by a decline in the admissions mix of new bone marrow transplant and solid tumor patients, who have a longer length of stay than children in other treatment protocols. The projected increase in ALOS through CYE 2018 reflects a planned case mix change that has already begun in the current year. The change is explained below in response to question 4b.

b. Please discuss how the 10% annual increase was determined while the applicant experienced a decline in occupancy from 2012 to 2014.

While there are a number of factors impacting the temporary decrease in 2014, a dip in new bone marrow transplant (BMT) patient admissions was paramount among them. With the scheduled introduction of new treatment protocols in 2014 and future years, St. Jude anticipates that new inpatient accruals for both Solid Tumor and BMT patients will increase steadily. The enrollment of these new longer-stay patients in new treatment protocols, coupled with innovative new chemotherapy protocols soon to be released, will generate the referrals and the utilization that St. Jude has projected. Please also note the detailed description on pages 42-43 of the application, which explains that St. Jude's utilization is driven only by St. Jude's development of new protocols that result in referrals from throughout the State and nation. As new protocols are developed and announced, new referrals come to St. Jude for enrollment and admission. So the science at this hospital, rather than "primary service area market demand", determines future utilization.

Page Five September 25, 2014

5. Section C, Economic Feasibility. Item 1 (Project Cost Chart)
Please clarify the reason the fair market cost of \$23,968,220 of the proposed project (shelled floors 3-5 + RT area) is less than the construction cost of \$27,623,696.

In the Project Cost Chart, the FMV entry in line B2 (\$23,968,220) is the allocated actual cost of the prior construction of three shelled floors and their interstitial levels and connectors. Because those costs have already been incurred, the application treats them differently from the proposed construction costs in line A.5.

There are two reasons why the finishing of these areas exceeds their shell-in costs. First, because most of the high acuity patient technology costs listed in response to question 3b above will be incurred in the build-out phase. Second, Memphis area healthcare construction costs have increased since the Kay Tower construction contract was signed several years ago.

6. Section C, Economic Feasibility, Item 2

The funding of the proposed project by the American Lebanese Syrian Associated Charities, Inc. (ALSAC) is noted. However, the combined financial statements of St. Jude' Children's Hospital, Inc. and American Lebanese Syrian Associated Charities, Inc. were \$84,035,939 in 2012 declining to \$42,378,176 in 2013. Please provide documentation of the current amount of cash and cash equivalents that are available to fund the proposed project.

It is not prudent for ALSAC to keep more cash and cash equivalents on hand for building projects. As more cash is needed to fund St. Jude building projects, ALSAC will generate it by sales of assets in its unrestricted investments accounts, which in 2013 totaled more than \$1.7 billion dollars.

St. Jude is not prepared to release preliminary unaudited 2014 financial statements because that fiscal year ended less than 90 days ago; but St. Jude states that FYE 2014 current cash and cash equivalents are expected to exceed \$129 million.

Page Six September 25, 2014

- 7. Section C. Economic Feasibility Item 4. (Historical Data Chart and Projected Data Chart)
  - a. The losses in the Historical Data Chart of (\$502,355,499) in 2012, (\$542,823,781) in 2013, and (\$603,365,782) in 2014; and (\$167,949,914) and (\$174,142,017) in the Projected Data Chart is noted. However, if ALSAC funds the deficits of St. Jude's Children's Research Hospital, please clarify why these funds are not reflected in the Historical and Projected Data Charts.

Broadly speaking, what actually occurs at St. Jude is a nightly sweep between St. Jude's accounts and ALSAC's accounts, in which funds are transferred between the entities to ensure that St. Jude's accounts show neither a positive nor a or negative margin at the end of every day.

Attached at the end of this letter are revised pages 50R-56R. These include revised Historic and Projected Data Charts, with entries in line E for "Other Revenue" that zero out the "bottom line" of the originally submitted charts. They also include revised notes for the Charts, explaining that entry, and a revised page 56R with entries corrected to reflect the change.

b. If the fiscal year begins July 1, please clarify how the applicant was able to report for 2014 in the Historical Data Chart.

FYE 2014 at the top of that column means fiscal year ending June 30, 2014. So the column presents an entire year of data.

8. Section C. Economic Feasibility Item 9.
There appears to be calculation errors in Table Twelve-A on page 61. Please revise and resubmit.

The table appears to be correct. Please note that in the SJCRH Projected Data Chart, only lines B1 and B2 constitute patient care revenues. Their total is \$517,928,957 in Year One. The percentages were applied to those totals, excluding line B4, which consists of research grants and investment income.

September26, 2014 08:20 am

Page Seven September 25, 2014

- 9. Section C (Contribution to Orderly Development) Item 7b. and 7d.
  - a. The accreditation by the Joint Commission is noted. Please provide the latest survey.

The survey is attached at the end of this letter.

b. The licensure inspection dated March 2005 is noted. However, please clarify if there has been a licensure survey since 2005. If so, please provide a copy of the survey.

St. Jude has identified documentation of 2007 TDH inspections; they are attached at the end of this letter along with the Joint Commission survey.

## 10. Proof of Publication

Please submit a copy of the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent that covers the 25 county proposed service area. Please insure the correct complete copy is paired with each appropriate affidavit.

Proof of publication is attached at the end of this response letter.

### 11. Affidavit

A signed and notarized affidavit must be submitted with each filing of an application and supplemental information. An affidavit was not included with this application. Please submit a completed affidavit for the original application and one for the supplemental information. Please note there is an affidavit form for the original filing and a separate form for supplemental responses.

Our copies of the filing show that the original application affidavit was submitted September 15, immediately after the transmittal cover letter. Please advise me if your copies do not have it at that location.

September26, 2014 08:20 am

Page Eight September 25, 2014

ohn Wellow

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please FAX or telephone me so that we can respond in time to be deemed complete.

Respectfully,

John Wellborn Consultant



St. Jude Children's Research Hospital 262 Danny Thomas Place Memphis, TN 38105

**Organization Identification Number: 7877** 

Program(s) Hospital Accreditation Home Care Accreditation **Survey Date(s)** 11/06/2012-11/08/2012

### **Executive Summary**

**Hospital Accreditation:** 

As a result of the accreditation activity conducted on the above date(s), Requirements for Improvement have been identified in your report.

You will have follow-up in the area(s) indicated below:

Evidence of Standards Compliance (ESC)

Home Care Accreditation: As a result of the accreditation activity conducted on the above date(s), there were no Requirements for Improvement identified.

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care provided to patients.

Organization Identification Number: 7877

Page 1 of 13

# The Joint Commission Summary of Findings

**SUPPLEMENTAL #1** 

September26, 2014 08:20 am

Evidence of DIRECT Impact Standards Compliance is due within 45 days from the day this report is posted to your organization's extranet site:

Program:	Hospital Accreditati	on Program		
Standards:	EC.02.02.01		EP7	
	LS.02.01.10		EP1	

Evidence of INDIRECT Impact Standards Compliance is due within 60 days from the day this report is posted to your organization's extranet site:

Program:	Hospital Accreditation Program		n in	
Standards:	EC.02.03.05		EP2,EP15	
	EC.02.06.01		EP1	
	IC.01.03.01		EP5	
	IC.01.04.01		EP1,EP2,EP3,EP4,EP5	
-	IC.03.01.01		EP1,EP2,EP3,EP4,EP6,EP7	5
	LD.04.04.05	22	EP12	
			T. I. We	

## The Joint Commission **Summary of CMS Findings**

SUPPLEMENTAL #1

September26, 2014 08:20 am

CoP:

§482.26

Tag: A-0528

Deficiency:

Standard

Corresponds to:

HAP

Text:

§482.26 Condition of Participation: Radiologic Services

The hospital must maintain, or have available, diagnostic radiologic services. If therapeutic services

are also provided, they, as well as the diagnostic services, must

meet professionally approved standards for safety and personnel qualifications.

CoP Standard	Tag	Corresponds to	Deficiency
§482.26(b)	A-0535	HAP - EC.02.02.01/EP7	Standard

CoP:

§482.41

Tag: A-0700

Deficiency:

Standard

Corresponds to: HAP

Text:

§482.41 Condition of Participation: Physical Environment

The hospital must be constructed, arranged, and maintained to ensure the safety of the patient, and to provide facilities for diagnosis and treatment and for special hospital services appropriate to

the needs of the community.

CoP Standard	Tag	Corresponds to	Deficiency
§482.41(b)(1)(i)	A-0710	HAP - EC.02.03.05/EP2, EP15, LS.02.01.10/EP1	Standard

## **SUPPLEMENTAL #1**

September26, 2014 08:20 am

Chapter:

**Environment of Care** 

Program:

Hospital Accreditation

Standard:

EC.02.02.01

ESC 45 days

**Standard Text:** 

The hospital manages risks related to hazardous materials and waste.

**Primary Priority Focus Area:** 

Physical Environment

**Element(s) of Performance:** 

7. The hospital minimizes risks associated with selecting and using hazardous energy

sources.

Note: Hazardous energy is produced by both ionizing equipment (for example, radiation and x-ray equipment) and nonionizing equipment (for example, lasers and MRIs).

Scoring Category : A

Score:

Insufficient Compliance

Observation(s):

EP 7

§482.26(b) - (A-0535) - §482.26(b) Standard: Safety for Patients and Personnel

The radiologic services, particularly ionizing radiology procedures, must be free from hazards for patients and personnel.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site for

the Hospital deemed service.

During an individual patient tracer on a patient having an MRI, it was observed staff had a non MRI safe cart in MRI zone III which was immediately outside the magnet(zone IV). The placement of the cart immediately outside the magnet created an opportunity and an increased risk for a ferrous object to be sucked into the magnet which could harm patients and or staff. The cart was moved away from the magnet before the survey ended.

Chapter:

**Environment of Care** 

Program:

**Hospital Accreditation** 

Standard:

EC.02.03.05

ESC 60 days

**Standard Text:** 

The hospital maintains fire safety equipment and fire safety building features. Note: This standard does not require hospitals to have the types of fire safety equipment and building features described below. However, if these types of equipment or features exist within the building, then the following maintenance,

testing, and inspection requirements apply.

**Primary Priority Focus Area:** 

Physical Environment

## **SUPPLEMENTAL #1**

September26, 2014 08:20 am

## **Element(s) of Performance:**

2. For hospitals that use Joint Commission accreditation for deemed status purposes: At least quarterly, the hospital tests water-flow devices. Every 6 months, the hospital tests valve tamper switches. The completion date of the tests is documented. Note: For additional guidance on performing tests, see NFPA 25, 1998 edition (Sections 2-3.3 and 3-3.3) and NFPA 72, 1999 edition (Table 7-3.2). For hospitals that do not use Joint Commission accreditation for deemed status purposes: Every 6 months, the hospital tests valve tamper switches and water-flow devices. The completion date of the tests is documented. Note: For additional guidance on performing tests, see NFPA 72, 1999 edition (Table 7-3.2).



Scoring Category : A

Score:

Insufficient Compliance

15. At least monthly, the hospital inspects portable fire extinguishers. The completion dates of the inspections are documented.



Note 1: There are many ways to document the inspections, such as using bar-coding equipment, using check marks on a tag, or using an inventory.

Note 2: Inspections involve a visual check for the presence and correct type of extinguisher, broken parts, full charge, and ease of access.

Note 3: For additional guidance on inspection of fire extinguishers, see NFPA 10, Standard for Portable Fire Extinguishers, 1998 edition (Sections 1-6, 4-3, and 4-4).

Scoring Category :C

Score:

Insufficient Compliance

Observation(s):

SUPPLEMENTAL #1
September26, 2014

08:20 am

EP 2

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101®2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: http://www.archives.gov/federal\_register/code\_of\_federal\_regulations/ibr\_locations.html.

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.

This Standard is NOT MET as evidenced by:

Observed in Document Review at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site for the Hospital deemed service.

There was no documentation of testing of the water flow devices for the second quarter of 2011.

**EP 15** 

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101®2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: http://www.archives.gov/federal\_register/code\_of\_federal\_regulations/ibr\_locations.html.

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.

This Standard is NOT MET as evidenced by:

Observed in Document Review at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site for the Hospital deemed service.

There was no documentation of the completion dates of the December 2011 inspection of portable fire extinguisher #37685 in the clyclotron area.

Observed in Document Review at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site for the Hospital deemed service.

There was no documentation of the completion dates of the December 2011 inspection of portable fire extinguisher #36299 in the clyclotron area.

Observed in Document Review at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site for the Hospital deemed service.

There was no documentation of the completion dates of the December 2011 inspection of portable fire extinguisher #37856 in the clyclotron area.

Observed in Document Review at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site for the Hospital deemed service.

There was no documentation of the completion dates of the December 2011 inspection of portable fire extinguisher #37857 in the clyclotron area.

Observed in Document Review at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site for the Hospital deemed service.

There was no documentation of the completion dates of the December 2011 inspection of portable fire extinguisher #38963 in the clyclotron area.

Observed in Document Review at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site for the Hospital deemed service.

There was no documentation of the completion dates of the December 2011 inspection of portable fire extinguisher

Organization Identification Number: 7877

Page 6 of 13

SUPPLEMENTAL #1

September26, 2014 08:20 am

EP 2

Chapter:

**Environment of Care** 

Program:

Hospital Accreditation

Standard:

EC.02.06.01

ESC 60 days

**Standard Text:** 

The hospital establishes and maintains a safe, functional environment.

Note: The environment is constructed, arranged, and maintained to foster patient

safety, provide facilities for diagnosis and treatment, and provide for special

services appropriate to the needs of the community.

**Primary Priority Focus Area:** 

Physical Environment

**Element(s) of Performance:** 

1. Interior spaces meet the needs of the patient population and are safe and suitable to the care, treatment, and services provided.



Scoring Category :C

Score:

Insufficient Compliance

## Observation(s):

FP 1

Observed in Building Tour at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site. There were two oxygen "E" cylinders stored in a 2 northwest supply room without the required "Full" or "Empty" signage.

Observed in Building Tour at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site. There were two oxygen "E" cylinders stored in a 2 southeast supply room without the required "Full" or "Empty" signage.

Observed in Building Tour at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site. There was an uncovered electrical junction box above the corridor outside room B1076F.

Chapter:

Infection Prevention and Control

**Program:** 

**Hospital Accreditation** 

Standard:

IC.01.03.01

ESC 60 days

**Standard Text:** 

The hospital identifies risks for acquiring and transmitting infections.

**Primary Priority Focus Area:** 

Information Management

**Element(s) of Performance:** 

5. The hospital prioritizes the identified risks for acquiring and transmitting infections. These prioritized risks are documented. (See also NPSG.07.03.01, EP 1)



Scoring Category : A

Score:

Insufficient Compliance

Observation(s):

Organization Identification Number: 7877

Page 7 of 13

**SUPPLEMENTAL #1** 

September26, 2014 08:20 am

EP 5

Observed in Infection Control Tracer at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site.

During the infection control tracer, there were no documented risks identified or prioritized for acquiring and transmitting infections. Staff spoke to surveillance strategies and types of data reviewed but there was no documentation of risks identified in the plan or any other document presented at the time of survey.

**Chapter:** 

Infection Prevention and Control

Program:

**Hospital Accreditation** 

Standard:

IC.01.04.01

ESC 60 days

**Standard Text:** 

Based on the identified risks, the hospital sets goals to minimize the possibility of

transmitting infections.

Note: See NPSG.07.01.01 for hand hygiene guidelines.

**Primary Priority Focus Area:** 

Information Management

**Element(s) of Performance:** 

1. The hospital's written infection prevention and control goals include the following: Addressing its prioritized risks.



Scoring Category : A

Score:

Insufficient Compliance

2. The hospital's written infection prevention and control goals include the following: Limiting unprotected exposure to pathogens.



Scoring Category : A

Score:

Insufficient Compliance

3. The hospital's written infection prevention and control goals include the following: Limiting the transmission of infections associated with procedures.



Scoring Category : A

Score:

Insufficient Compliance

4. The hospital's written infection prevention and control goals include the following: Limiting the transmission of infections associated with the use of medical equipment, devices, and supplies.



Scoring Category :A

Score:

Insufficient Compliance

5. The hospital's written infection prevention and control goals include the following: Improving compliance with hand hygiene guidelines. (See also NPSG.07.01.01, EP 1)



Scoring Category : A

Score:

Insufficient Compliance

Observation(s):

## SUPPLEMENTAL #1

ESC 60 day

September26, 2014 08:20 am

Observed in Infection Control Tracer at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis,

There were no documented infection control goals that documented the prioritized risks. There were no prioritized risks documented at the time of survey.

EP 2

Observed in Infection Control Tracer at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis,

There were no documented infection control goals related to limiting unprotected exposures to pathogens.

Observed in Infection Control Tracer at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis,

There were no documented infection control goals that addresses limiting the transmission of infections associated with procedures.

EP 4

Observed in Infection Control Tracer at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis,

There were no documented infection control goals addressing limiting the transmission of infections associated with the use of medical equipment, devices and supplies.

Observed in Infection Control Tracer at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site.

There were no documented infection control goals addressing expectations for compliance with hand hygiene guidelines. While the organization measures hand hygiene compliance, there were no stated goals or thresholds documented to ascertain expected compliance levels.

Chapter:

Infection Prevention and Control

**Program:** 

**Hospital Accreditation** 

Standard:

IC.03.01.01

**Standard Text:** 

The hospital evaluates the effectiveness of its infection prevention and control

plan.

**Primary Priority Focus Area:** Infection Control

Organization Identification Number: 7877

## **SUPPLEMENTAL #1**

September26, 2014 08:20 am

## **Element(s) of Performance:**

1. The hospital evaluates the effectiveness of its infection prevention and control plan annually and whenever risks significantly change.



**Scoring Category:**A

Score:

Insufficient Compliance

2. The evaluation includes a review of the following: The infection prevention and control plan's prioritized risks.



**Scoring Category: A** 

Score:

Insufficient Compliance

3. The evaluation includes a review of the following: The infection prevention and control plan's goals. (See also NPSG.07.01.01, EP 2)



**Scoring Category:**A

Score:

Insufficient Compliance

4. The evaluation includes a review of the following: Implementation of the infection prevention and control plan's activities.



Scoring Category :A

Score:

Insufficient Compliance

6. Findings from the evaluation are communicated at least annually to the individuals or interdisciplinary group that manages the patient safety program.



**Scoring Category:**A

Score:

Insufficient Compliance

7. The hospital uses the findings of its evaluation of the infection prevention and control plan when revising the plan. (See also LD.01.02.01, EP 4)



Scoring Category :A

Score:

Insufficient Compliance

Observation(s):

## SUPPLEMENTAL #1 September26, 2014

08:20 am

EP 1

Observed in Infection Control Tracer at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN)

The report presented entitled the "2011 Annual report of health Care associated infections" but the document did not evaluated the effectiveness of the IC plan or determine whether the interventions taken were effective.

Observed in Infection Control Tracer at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN)

While the hospital presented an annual report of health care associated infections, there was no evaluation presented of the IC plans risks. There were no prioritized risks to evaluate.

Observed in Infection Control Tracer at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN)

There were no documented goals to evaluate to determine the effectiveness of the IC program and plan.

EP 4

Observed in Infection Control System Tracer at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site.

While the organization presented a document talking about trends in infections, there was no documented review of the specific implementation of the IC program and plans activities or an evaluation of the activities effectiveness.

Observed in Infection Control Tracer at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN)

There was no evidence presented that an evaluation of the effectiveness of the IC program was completed so there was no evidence that any information was presented to the patient safety program.

Observed in Infection Control Tracer at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN)

There was no evidence presented at the time of survey to indicate the organization evaluated the effectiveness of their IC program, strategies, implementation of activities or surveillance so it was not possible to determine what was utilized to develop their plan. The plan did not contain prioritized risks, no measurable goals, no specific strategies or methodologies to reduce the transmission of infections. Staff could verbalize the framework of the program, data collected and some of their goals but the documentation was lacking.

Chapter:

Leadership

Program:

**Hospital Accreditation** 

Standard:

LD.04.04.05

**Standard Text:** 

The hospital has an organization-wide, integrated patient safety program within its

performance improvement activities.

**Primary Priority Focus Area:** 

Communication

**Element(s) of Performance:** 

12. The leaders disseminate lessons learned from root cause analyses, system or process failures, and the results of proactive risk assessments to all staff who provide services for the specific situation. (See also LD.03.04.01, EP 5)



ESC 60 day

Scoring Category : A

Score:

Insufficient Compliance

Organization Identification Number: 7877

Page 11 of 13

SUPPLEMENTAL #1
September26, 2014
08:20 am

## Observation(s):

**EP 12** 

Observed in Individual Tracer at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site. During tracer activity on the leukemia inpatient unit, nursing staff were questioned regarding measures in place to prevent infant and child abduction. Three separate staff members that work with children on this unit could not identify or verbalize methods in place to prevent abductions. Security staff indicated they had performed a risk assessment and had identified infant and child abduction as a risk. Nursing staff could not verbalize mechanisms in place to prevent abductions. Nursing staff were not included in the risk assessment and had no knowledge of the risk assessment or measures being considered to prevent abduction of a child or an infant. The organization includes education to the parents regarding "safety and security" but staff could not speak to specific measures taken to prevent abductions.

Chapter:

Life Safety

Program:

**Hospital Accreditation** 

Standard:

LS.02.01.10

**Standard Text:** 

Building and fire protection features are designed and maintained to minimize the

effects of fire, smoke, and heat.

**Primary Priority Focus Area:** 

Physical Environment

**Element(s) of Performance:** 

1. Buildings meet requirements for height and construction type in accordance with NFPA 101-2000: 18/19.1.6.2.



Scoring Category : A

Score:

Insufficient Compliance

### Observation(s):

EP 1

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101®2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: http://www.archives.gov/federal\_register/code\_of\_federal\_regulations/ibr\_locations.html.

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site for the Hospital deemed service.

A gap in the fireproofing of the structural steel in room B2038 was covered with fire caulk rather than fireproofing material.

Observed in Building Tour at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site for the Hospital deemed service.

A gap in the fireproofing of the structural steel in room B2090 was covered with fire caulk rather than fireproofing material.

September26, 2014 08:20 am



## STATE OF TENNESSEE DEPARTMENT OF HEALTH

WEST TENNESSEE HEALTH CARE FACILITIES 781-B AIRWAYS BOULDEVARD JACKSON, TENNESSEE 38301-3203

February 20, 2007

Dr. William Evans, Administrator St. Jude Children's Hospital 332 N Lauderdale Street Memphis, TN 38105

RE: Validation Survey

Dear Mr. Evans:

We are pleased to advise you that no deficiencies were cited as a result of the certification survey conducted at your facility on February 13, 2007. The attached form is for your files.

If this office may be of any assistance to you, please do not hesitate to call (731) 421-5113.

Sincerely,

Celia Skelley, MSN, RN

Public Health Nurse Consultant 2

CES/TJW

Enclosure

SUPPLEMENT OLD #21/2007 DEPARTMENT OF HEALTH AND HUMAN SERVICES 160 CENTERS FOR MEDICARE & MEDICAID SERVICES September 26/12/00/40938-0391 STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION (X1) PROVIDER/SUPPLIER/CLIA (X2) MULTIPLE CONSTRUCTION (X3) DATE SURVEY COMPLETED 08:20 am IDENTIFICATION NUMBER: A. BUILDING B. WING 443302 02/13/2007 NAME OF PROVIDER OR SUPPLIER STREET ADDRESS, CITY, STATE, ZIP CODE 332 NORTH LAUDERDALE ST ST JUDE CHILDRENS RESEARCH HOSPITAL MEMPHIS, TN 38105 (X4) ID PREFIX SUMMARY STATEMENT OF DEFICIENCIES PROVIDER'S PLAN OF CORRECTION ID (X5) COMPLETION (EACH DEFICIENCY MUST BE PRECEDED BY FULL PREFIX EACH CORRECTIVE ACTION SHOULD BE REGULATORY OR LSC IDENTIFYING INFORMATION) CROSS-REFERENCED TO THE APPROPRIATE DATE TAG TAG DEFICIENCY) A9999 CLOSING COMMENTS A9999 This facility complies with all conditions of participation requirements during the validation survey Copy of 2567 for your records that was left out of your previous letter. Thanks. Tara Wilson

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

## **SUPPLEMENTAL #1**

September26, 2014 08:20 am



# STATE OF TENNESSEE DEPARTMENT OF HEALTH

WEST TENNESSEE HEALTH CARE FACILITIES 781-B AIRWAYS BOULDEVARD JACKSON, TENNESSEE 38301-3203

February 26, 2007

Dr. William Evans, Administrator St. Jude Children's Hospital 332 N Lauderdale Street Memphis, TN 38105

RE: Fire Safety Validation Survey

Dear Mr. Evans:

We are pleased to advise you that no deficiencies were cited as a result of the certification survey conducted at your facility on February 12, 2007. The attached form is for your files.

If this office may be of any assistance to you, please do not hesitate to call (731) 421-5113.

CASE OF BUILDING FAMOUS THE TO SERVICE TO THE

Sincerely,

Celia Skelley, MSN, RN

Public Health Nurse Consultant 2

Kelley

CES/TJW

Enclosure

CENTE	RS FOR MEDICAR	RE & MEDICAID SERVICES	02	September	26/201	9 0938-039
	T OF DEFICIENCIES OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:	(X2) MULTIF A. BUILDING B. WING	PLE CONSTRUCTION 08:20 am	(X3) DATE COMPL	SURVEY
NAME OF F	300 40 FD OD OU 10 DU 15 G	443302			02/	12/2007
	PROVIDER OR SUPPLIER  CHILDRENS RESE		33	EET ADDRESS, CITY, STATE, ZIP CODE 32 NORTH LAUDERDALE ST EMPHIS, TN 38105		
(X4) ID PREFIX TAG	(EACH DEFICIENC	TATEMENT OF DEFICIENCIES CY MUST BE PRECEDED BY FULL LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORREC (EACH CORRECTIVE ACTION SHO CROSS-REFERENCED TO THE APP DEFICIENCY)	OULD BE	COMPLETION DATE
K9999	FINAL OBSERVA	TIONS	K9999			
	this facility was for requirements of the Association (NFP)	survey completed on 2-12-07, and to be in compliance with the le National Fire Protection A) 101 Life Safety Code, 2000 9, Existing Health Care				
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Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE



## The Commercial Appeal **Affidavit of Publication**

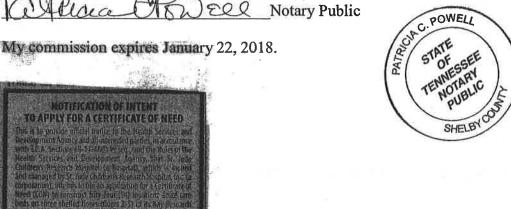
## STATE OF TENNESSEE **COUNTY OF SHELBY**

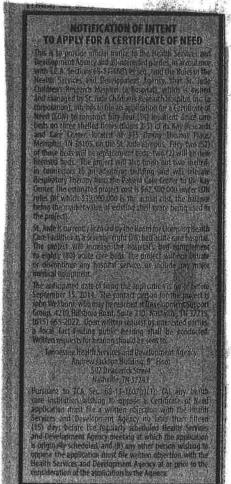
Personally appeared before me, Patricia C. Powell, a Notary Public, Helen Curl, of MEMPHIS PUBLISHING COMPANY, a corporation, publishers of The Commercial Appeal, morning and Sunday paper, published in Memphis, Tennessee, who makes oath in due form of law, that she is Legal Clerk of the said Memphis Publishing Company, and that the accompanying and hereto attached notice was published in the following editions of The Commercial Appeal to-wit:

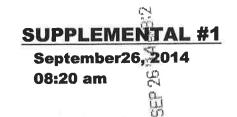
September 10, 2014

Subscribed and sworn to before me this 24th day of September, 2014.

Halon Cur







## **AFFIDAVIT**

STATE OFTENNESSEE
COUNTY OFDAVIDSON
a a contract of the contract o
JOHN WELLBORN, being first duly sworn, says that he is the lawful agent of the applicant named in this application, that this project will be completed in accordance with the application to the best of the agent's knowledge, that the agent has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11
1601, et seq., and that the responses to this application or any other questions deemed
appropriate by the Health Services and Development Agency are true and complete to the
STATE SUPPLIES OF SIGNATURE/TITLE
Sween subscribed before me this 5th day of September 2014 a Notary (Month) (Year)
Public in and for the County/State of DAVIDSON

My commission expires July 2

2018 (Year)

# SUPPLEMENTAL #1 September26, 2014 08:20 am

## **AFFIDAVIT**

STATE OF TENNESSEE
COUNTY OF DAVIDSON

NAME OF FACILITY:

ST. JUDE CHILTARENS RESEARCH HOSPITAL

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the lawful agent of the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete to the best of my knowledge.



Signature/Title

Sworn to and subscribed before me, a Notary Public, this the <u>25 hay of Lept.</u>, 2014, witness my hand at office in the County of <u>DAVIDSON</u>, State of Tennessee.

NOTARY PUBLIC

My commission expires July 2

2018

HF-0043

Revised 7/02

# COPY-SUPPLEMENTAL-2

St. Jude Children's Research Hospital CN1409-040

# DSG Development Support Group



September 29, 2014

Phillip M. Earhart, HSD Examiner Tennessee Health Services and Development Agency Andrew Jackson Building, 9<sup>th</sup> Floor 502 Deaderick Street Nashville, TN 37243

RE:

CON Application #1409-040

St. Jude Children's Research Hospital

Dear Mr. Earhart:

This letter provides final revisions of the Projected Data Charts and Notes as requested in your September 26 email. This response is provided in triplicate, with affidavit.

1. Section C. Economic Feasibility Item 4. (Historical Data Chart and Projected Data Chart)

The designation of ALSAC funds in the Historical and Projected Data Charts are noted. However, please designate ALSAC funds as "other revenue" in Section B.E. of the Historical and Projected Data Charts and resubmit.

Attached after this letter are revised pages 50R through 56R, which are to replace revisions of the corresponding Charts, Notes, and Table Nine that were submitted September 26.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please FAX or telephone me so that we can respond in time to be deemed complete.

John Welelow

John Wellborn Consultant

# SUPPLEMENTAL 87.63 43.63

## **AFFIDAVIT**

STATE OF TENNESSEE
COUNTY OF DAVIDSON

NAME OF FACILITY:
St. Jude Children Research Hospital
<b>'</b>
I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the lawfu
agent of the applicant named in this Certificate of Need application or the lawful agen
thereof, that I have reviewed all of the supplemental information submitted herewith
and that it is true, accurate, and complete to the best of my knowledge.
Signature/Title
At Com
Sworn to and subscribed before me, a Notary Public, this the
witness my hand at office in the County of <u>DAVIDSON</u> , State of Tennessee.
NOTARY PUBLIC
My commission expires
HF-0043  TENNESSEE  NOTARY  PUBLIC
HF-0043  Revised 7/02  STATE OF OF OF ON ON ON COUNTY PUBLIC P

## **CERTIFICATE OF NEED REVIEWED BY THE DEPARTMENT OF HEALTH DIVISION OF POLICY, PLANNING AND ASSESSMENT**

615-741-1954

DATE:

November 28, 2014

**APPLICANT:** 

St. Jude Children's Research Hospital

315 Danny Thomas Place Memphis, Tennessee 38105

CON#:

1409-040

CONTACT PERSON: John L. Wellborn

COST:

\$62,500,516

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with Tennessee's State Health Plan, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

### **SUMMARY:**

The applicant, St. Jude Children's Research Hospital, located in Memphis (Shelby County) Tennessee, seeks Certificate of Need (CON) approval for the construction of fifty-four (54) inpatient acute care beds on three shelled floors of its Kay Research and Care Center, located at 315 Danny Thomas Place, Memphis. Fifty-two (52) of those beds will be replacement beds; two (2) will be new licensed beds. This project will also finish out two shelled-in connectors to an adjoining building and will relocate Respiratory Therapy from the Patient Care Center to the Kay Center. The estimated project cost is \$62,500,516 of which \$38,532,236 is the actual cost, the balance being the market value of existing shell space being used in the project. The project cost per square foot is \$297.82.

St. Jude Children's Research Hospital is a not-for-profit corporation that owns no other licensed healthcare facility other than St. Jude Children's Research Hospital.

The projected total cost of this project is \$62,516,000 and is funded from the cash reserves of St. Jude Children's Research Hospital and its supporting charity, the American Lebanese Syrian Associated Charities, Inc. (ALSAC). A letter from the Chief Financial Officer of SJCRH attesting to the availability of funding is located in Attachment C. Economic Feasibility 2.

### **GENERAL CRITERIA FOR CERTIFICATE OF NEED**

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document Tennessee's State Health Plan.

### **NEED:**

The applicant's primary Tennessee service area consists of Dyer, Fayette, Lauderdale, Madison, Shelby and Tipton counties. From a national perspective, 79% of its U.S. patients come from Tennessee, Mississippi, Louisiana, Arkansas, Illinois, and Missouri, with another 6% coming from Florida, Texas, and Kentucky. St. Jude also cared for patients from 54 other countries.

Service Area Total Population 2014 and 2018

County	2014 Population	2018 Population	% of Increase/ (Decrease)	
Dyer	38,218	38,427	0.5%	
Fayette	40,930	44,888	9.7%	
Lauderdale	27,341	27,125	-0.8%	
Madison	99,555	101,001	1.5%	
Shelby	943,812	954,012	1.1%	
Tipton	63,865	67,545	5.8%	
Total	1,213,721	1,232,998	1.6%	

Tennessee Department of Health, Division of Policy, Planning, and Assessment-Office of Health Statistics, 2020, June 2013, Revision

St. Jude is nearing the completion of a nine floor multi-purpose building now named the Key Research and Care Center. It will contain floors that provide pediatric acute care services, such as a replacement ICU and a large Proton Beam Therapy area. The acute care portions of the new building were approved under CN1105-017, when the building as referred to as Tower Two. In that application, the Kay Center's 3<sup>rd</sup>, 4<sup>th</sup>, and 5<sup>th</sup> floors were to be shelled out for future use. Now the applicant is proposing to build out those floors and two shelled out connectors between them and an adjoining building.

St. Jude needs to replace the 52 beds in the Patient Care Center with replacement beds for several reasons.

- The existing patient rooms are two decades old and no longer conform to St. Jude design standard;
- The rooms have limited outside light due to small exterior window; patient rooms are too small for current technology and care teams which require placing all medical equipment on one side of the patient's bed. This requires nurses to move back and forth from one side of the bed while providing care. This is inefficient and time consuming;
- Parents are often in their child's room standing, moving around, sitting on the sleeper sofa, limiting bedside space, especially when the sleeper sofa is open. Parent rooms adjoin the patient rooms have only a small observation window into the patient room, necessitating the parent accessing the child's room through the hallway from their room;
- There is not enough room in the patient or parent bathrooms to provide showers nor is there enough room in either the parent or patient rooms to fully open the sleeper couches making that area of the rooms impassable.
- In terms of infrastructure, the building's air systems provide less positive pressure for isolation room exchange than newer systems provide, and 20 years of lint backup throughout the duct work are difficult to fully address.
- Respiratory Therapy will be located in the same building with the 52 beds. Respiratory Therapy must follow the inpatients to their new location.

St. Jude will move all of Patient Care Center's acute care beds to the newer Kay Center tower. The new design will address all of the needs outlined above. Rooms will be much larger in size. Overall, the new patient/parent room combination will be 62% larger. Patient rooms and bathrooms will be 55% larger and parent rooms and bathrooms will be 75% larger. There will be room for all clinical equipment to be stationed by one size of the bed. There will also be rooms for patients, parents, and clinicians' to be present in the patient rooms. All bathrooms will have showers. All patient rooms except those adjacent to isolation rooms will have internal doors providing access to the child's room. Sleeper couches can be opened without impeding movement through the room. And finally, a newer air handling system will provide more powerful positive air

pressure in the isolation rooms with modern technology to provide superior air filtration throughout the patient floors.

In addition, improved areas for activity and support space for patients, family members, and hospital staff are located on each floor. Child life playrooms will be larger, a family lounge, teenagers room, and a visitors' activity room are provided. There will be conference rooms which can be used as a team room for treatment teams; rooms for increased office spaces, physician workspace, clinician workspace, and a dedicated rehabilitation room.

CON statue allows for the addition of the two requested beds because St. Jude's proposed licensed compliments are, and will remain, under 100 beds.

### 2013 Licensed and Staffed Bed Occupancy

Facility	Licensed Beds	Staffed Beds	Licensed Occupancy	Staffed Occupancy
St. Jude Children's Research Hospital	78	64	58.0	70.6

Source: Joint Annual Report of Hospitals 2013, Division of Health Statistics, Tennessee Department of Health

### TENNCARE/MEDICARE ACCESS:

The applicant is certified for Medicare and Medicaid. As a pediatric facility, St. Jude has no routine need to deal with Medicare. Although Medicare reimbursement is occasionally available for pediatric patients, it is so infrequently encountered; St. Jude does not pursue Medicare's facility reimbursement.

St. Jude does bill State Medicaid programs and has contractual and other relationships with numerous State Medicaid programs, including TennCare for MCO's in all regions of Tennessee.

The applicant projects gross Medicare revenues of \$3,107,574 or 0.6% of total gross revenues, and Medicaid revenues of \$198,884,719 or 38.4% of total gross revenues in year one. In year two, the applicant projects Medicare revenues of \$1,070,708 or 0.6% of total gross revenues and Medicaid revenues of \$68,525,317 or 38.4% of total revenues.

### **ECONOMIC FACTORS/FINANCIAL FEASIBILITY:**

The Department of Health, Division of Policy, Planning, and Assessment has reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine they are mathematically accurate and the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

**Project Costs Chart:** The Project Costs Chart is located on page 46 of the application. The total project cost is \$62,500,516.

**Historical Data Chart:** The Historical Data Chart is located in Supplemental 2, page 50R. The applicant reported 15,667, 16,449, and 14,931 discharge days in 2011, 2012, and 2013, respectively. The applicant reported net operating revenues of \$0, \$0, and \$0 each year, respectively.

**Projected Data Chart:** The Projected Data Chart is located in Supplemental 2. The applicant projects 3,527 admissions and 19,762 discharge days and 3,637 admissions and 21,779 discharge days in years one and two, respectively. The total net operating revenue in year one is projected to be \$0 and \$0 in year two of the project.

The applicant provided the average charges, deductions, net charge, and net operating income below.

	CY2017	CY2018
Patient Days	13,302	16,514
Admissions or Discharges	3,231	4,011
Average Gross Charge Per Day	\$13,415	\$13,486
Average Gross Charge Per Admission	\$55,231	\$55,524
Average Deduction from Operating Revenue Per Day	\$10,330	\$10,384
Average Deduction from Operating Revenue Per Admission	\$42,528	42,754\$
Average Net Charge (Net Operating Revenue) Per Day	\$12,783	\$10,034\$
Average Net Charge (Net Operating Revenue) Per Admission	\$52,626	41,310\$
Average Net Operating Income After Expenses, Per Day	0	0
Average Net Operating Income After Expenses, Per Admission	0	0

The applicant states there are no acceptable alternatives to this project.

## **CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:**

St. Jude's most complex local collaborations are with the Le Bonheur Children's Medical Center and a number of specialist and subspecialist physician practices and scientists in the community. St. Jude works closely with Le Bonheur in a multidisciplinary childhood brain tumor program. St. Jude also works closely with the Shelby County Health Department and Regional One Health safety net hospital and the faculty from UT College of Health Sciences and the University of Memphis.

"St Jude Affiliate Program" provides many the benefits of St. Jude's protocol-structured research and treatment programs to formally affiliated hospitals in other States. These clinical, research, and academic partnerships are with Our Lady of the Lake Children's Hospital at Regional Medical Center in Baton Rouge, Louisiana; Huntsville Hospital for Women and Children, Huntsville, Alabama; East Tennessee State University, Niswonger Children's Hospital, Johnson City, Tennessee; University of Illinois College of Medicine-Peoria and Children's Hospital of Illinois, Peoria, Illinois; LSU Health Sciences Center and Fiest-Weiller Cancer Center in Shreveport, Louisiana; and Mercy Children's Hospital-Springfield at Mercy Hospital, Springfield, Illinois.

St. Jude has scores of Collaborative Site relationships with research and clinical centers across the United States and the world.

The applicant could find no identifiable adverse impact on the West Tennessee health care system.

- St. Jude will add 48.0 FTE position by the second year of the project. A listing of these positions and salary ranges on located on page 68 of the application.
- St. Jude works with a large number of educational institutions and healthcare organizations to provide clinical training and rotations. The applicant discusses these and other training relationships on pages 70 through 72 of the application.

The applicant is licensed by the Tennessee Department of Health, Board for Licensure of Healthcare Facilities and accredited by Joint Commission. The most recent Joint Commission survey occurred on 11/6-8/2012 and the most recent licensure survey occurred on 212/2007. Both are provided in Supplemental 1.

### SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

# CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

This criterion is not applicable.

- 2. For relocation or replacement of an existing licensed health care institution:
  - a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.
  - b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

These criteria are not applicable.

- 3. For renovation or expansions of an existing licensed health care institution:
  - a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.
    - St. Jude anticipates it's med/surge pediatric bed utilization will increase 10% annually through 2018. This should result in an approximate 75% average annual occupancy on a bed complement of 8 beds. Further growth is expected as St. Jude expands it research programs and its pediatric patients.
  - b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

The existing patient rooms are two decades old and no longer conform to St. Jude design standard.

The rooms have limited outside light due to small exterior window; patient rooms are too small for current technology and care teams which require placing all medical equipment on one side of the patient's bed. This requires nurses to move back and forth from one side of the bed while providing care. This is inefficient and time consuming.

In terms of infrastructure, the building's air systems provide less positive pressure for isolation room exchange than newer systems provide, and 20 years of lint backup throughout the duct work are difficult to fully address. Neither patient rooms nor support services are adequate.

# SUPPORT LETTER(S)

# ST.Jude Children's Research Hospital

CN1409-040

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## **REGINALD TATE**

STATE SENATOR

33RD SENATORIAL DISTRICT

MEMBER OF COMMITTEES:

VICE CHAIR EDUCATION

COMMERCE



# Senate Chamber

State of Tennessee

STATE & LOCAL GOVERNMENT

FISCAL REVIEW

SELECT OVERSIGHT COMMITTEE
ON BUSINESS TAXES

SELECT COMMITTEE ON TENNESSEE EDUCATION LOTTERY CORPORATION

COVER TENNESSEE ADVISORY COMMITTEE

**NASHVILLE** 

November 19, 2014

Melanie Hill, Executive Director Tennessee Health Services & Development Agency Andrew Jackson Bldg., 9th Floor 502 Deaderick Street Nashville, TN 37243

RE: St. Jude Children's Research Hospital

Certificate of Need Application No. CN1409-040

Dear Ms. Hill:

Shelby County has an unrivaled jewel in St. Jude Children's Research Hospital. So that St. Jude may continue its remarkable success and continue saving the lives of children here in Memphis and around the world, I ask that you give this deserving and much-needed project your full consideration and approval.

Over and above the significant investment of more than \$68 million in our community, this project will allow St. Jude to maintain its role as a global leader in pediatric cancer care and research. Incredibly, St. Jude treats more than 260 patients per day, many suffering with horrible and complex cancers. St. Jude remains that top national referral center for children with toughto-treat forms of cancer who have not responded successfully to standard treatments. And, St. Jude remains the *only* National Cancer Institute-designated Comprehensive Cancer Center devoted solely to children.

Providing this level of care and research for pediatric cancer patients is challenging and requires that St. Jude maintain the world's best physicians, medical professionals, scientists, facilities and technology. The proposed project will ensure that St. Jude can continue to provide the highest level of care to its patients and their families for years to come. For example, upgraded air exchange systems will provide more powerful positive pressure levels in isolation rooms where respiratory disease is treated. Likewise, the patient rooms will increase in size to provide additional room for multi-disciplinary treatment teams *and* for the families of these patients. Patient rooms also will include adjoining parent rooms — each with its own shower — recognizing the critical role families play in the treatment and recovery of their children.

### **REGINALD TATE**

STATE SENATOR
33<sup>RO</sup> SENATORIAL DISTRICT

MEMBER OF COMMITTEES:

VICE CHAIR EDUCATION

COMMERCE



Senate Chamber State of Tennessee STATE & LOCAL GOVERNMENT

FISCAL REVIEW

SELECT OVERSIGHT COMMITTEE
ON BUSINESS TAXES

SELECT COMMITTEE ON TENNESSEE EDUCATION LOTTERY CORPORATION

COVER TENNESSEE ADVISORY COMMITTEE

NASHVILLE

I enthusiatically support this project and encourage your agency to approve it this December. Please do not hesitate to conact me with any questions or comments.

Sincerely,

Senator Reginald Tate



NASHVILLE

HOUSE DEMOCRATIC CAUCUS SECRETARY

Representatives

Tennessee

#### BARBARA COOPER STATE REPRESENTATIVE

HOME: P.O. Box 493 MEMPHIS, TENNESSEE 38101 (901) 315-5287

LEGISLATIVE OFFICE: 38 LEGISLATIVE PLAZA NASHVILLE, TENNESSEE 37243-0186 (615) 741-4295 FAX (615) 253-0327

E-MAIL: rep.barbara.cooper@capitol.tn.gov

November 21, 2014

Melanie Hill
Executive Director
Tennessee Health Services & Development Agency
Andrew Jackson Bldg., 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: St. Jude Children's Research Hospital

Certificate of Need Application No. CN1409-040

House of

State

Dear Ms. Hill:

I am writing in support of the pending certificate of need application for St. Jude Children's Research Hospital. St. Jude is a world-renowned leader in pediatric cancer care and research. This much-needed project furthers St. Jude's critical mission in a financially feasible manner while contributing to the orderly development of healthcare in Shelby County, the Southeast United States and beyond.

Since opening its doors in 1962, St. Jude has continuously offered world-class cancer care to its young patients. This commitment to patient-centered care involves a holistic approach to cancer treatment and research. For example, St. Jude recognizes the importance of family involvement and support in cancer treatment, healing and recovery. Equally important is St. Jude's ability to provide state-of-the-art facilities and treatment options to its patients and their families. This important project addresses these issues by replacing existing facilities (most of which were built before most of St. Jude's current patients were born) with modern facilities that reflect the latest "best practices" in children's hospital design. Each patient room will have access to an adjoining parent room, and each floor will include a nourishment room, a visitor activity room, a teen room and a child life playroom (for patients and siblings).

There simply is no other facility like St. Jude. This unique institution offers cutting-edge care and research to its pediatric patients and compassionate support to parents, siblings and other caretakers. Because this much needed project is consistent with St. Jude's mission, contributes to the orderly development of healthcare within Shelby County and beyond and is

# MEMBERS OF COMMITTEES GOVERNMENT OPERATIONS

TRANSPORTATION

TRANSPORTATION SUB

DEMOCRATIC CAUCUS

TENNESSEE BLACK CAUCUS FORMER CHAIR

86th LEGISLATIVE DISTRICT SHELBY COUNTY

financially feasible, I strongly support it and encourage your Agency to approve it at your meeting in December. Please feel free to conact me with any questions or comments.

Respectfully,

Barbara Cooper

State Representative



## State of Tennessee

### OFFICE OF SENATOR SARA KYLE

30<sup>th</sup> SENATORIAL DISTRICT SHELBY COUNTY

sen.spra.kyle@capitol.tu.gov

November 25, 2014

Melanie Hill
Executive Director
Tennessee Health Services & Development Agency
Andrew Jackson Bldg., 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: St. Jude Children's Research Hospital

Certificate of Need Application No. CN1409-040

Dear Ms. Hill:

It is with the utmost enthusiasm that I write to you in support of St. Jude's pending application for a Certificate of Need. This project is very deserving of approval, and I sincerely hope that the Agency will give it every consideration. This much-needed and financially sound project will greatly assist in the orderly development of pediatric health services in Shelby County and beyond.

St. Jude is a unique local, national and international resource. It is an especially important resource for uninsured children living in poverty, because no child is ever denied treatment at St. Jude based on a family's inability to pay for care. Over the past year, St. Jude has served children from 78 of Tennessee's 95 counties. The proposed St. Jude project will not only enhance the quality of pediatric care offered by St. Jude's, but also is central to St. Jude's mission of providing patient and family-centered care.

Again, I enthusiatically support the St. Jude project, which promises to be an important resource for pediatric patients, their familieis and the people of the West Tennessee region and beyond. I want to encourage your Agency to approve this project. Please do not hesitate to contact me with any questions or comments.

Sincerely,

Sara Kyle

consideration \_\_\_

MEMPHIS



FOUNDATION

December 2, 2014

### Via U.S. Mail and E-Mail

Melanie Hill Executive Director Tennessee Health Services & Development Agency Andrew Jackson Bldg., 9th Floor 502 Deaderick Street Nashville, TN 37243

RE: St. Jude Children's Research Hospital

Certificate of Need Application No. CN1409-040

Dear Ms. Hill:

On behalf of the Memphis Bioworks Foundation and its many corporate and community partners – which include, among others, the Campbell Clinic, FedEx, Medtronic, Inc., Memphis Medical Center and the University of Memphis – please allow me to add our strong support for St. Jude Children's Research Hospital's pending application for a certificate of need. This exciting and much needed project will benefit Memphis and the surrounding area greatly, and it deserves approval by your agency. Please give it every possible consideration.

The Memphis Bioworks Foundation is an unprecedented, broad-based public/private partnership of corporate CEOs, university presidents and community and foundation leaders. This diverse group of leaders have come together in an exciting joint effort to establish Memphis as an international center of bioscience research and development. In pursuit of that mission, Bioworks looks to foster initiatives that will help to ensure that Memphis has in place the advanced bioscience technology infrastructure that is essential to world-class research and patient care.

The project now being proposed by St. Jude will further these infrastructure goals. The project will add state-of-the-art patient care and family spaces to the St. Jude campus. These new patient rooms will be unlike those found in virtually any other children's hospital in the world and will make it possible to have the latest technology at the patient's bedside. Over and above the many advantages in patient care, the addition of this technology at St. Jude will allow it to build upon its many internationally recognized research efforts — something that promises to benefit patients well beyond Memphis.

Again, we enthusiastically endorse St. Jude's application for a certificate of need. Please feel free to contact me with any questions or comments.

Sincerely,

Steven J. Bares, Ph.D., M.B.A. President & Executive Director

20 South Dudley, Suite 900 Memphis, TN 38103 Office 901.866,1400 Fax 901.866,1401 www.memphisbioworks.org



December 2, 2014

## Via U.S. Mail and E-Mail

Melanie Hill
Executive Director
Tennessee Health Services & Development Agency
Andrew Jackson Bldg., 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: St. Jude Children's Research Hospital
Certificate of Need Application No. CN1409-040

Dear Ms. Hill:

On behalf of Le Bonheur Children's Hospital ("Le Bonheur") and Methodist Healthcare in Memphis, please allow me to add our strong support to the above-referenced certificate of need application. This excellent project is most deserving of approval, and we sincerely hope that you, your capable staff and the members of the Agency will give it favorable consideration. As explained further below, this much-needed project will be a major asset to Le Bonheur in its mission as a leader in children's healthcare in the Mid-South through high quality patient care, education, research and advocacy. Indeed, the approval of this project will enhance the partnership that Le Bonheur and St. Jude have in providing world-class care for children with brain tumors, and it will allow Le Bonheur to build on its recognition as one of the best children's hospitals in the United States.

The need for this project is clear. When it comes to providing the best pediatric patient care, every detail – from the art on the walls to specialized technology – needs to be designed around the needs of children and their families. Research shows kids get better faster when they are surrounded by loved ones. Although excellent, the current facilities at St. Jude are more than two decades old and lack sufficient space to provide the best possible patient- and family-centered environment. The proposed new facilities will be significantly larger and include improved amenities that have become essential for world-class children's hospitals, such as playrooms for children and family lounges. The new facilities also will include improved workspaces for doctors and other clincians that will make possible for these caregivers to collaborate more efficiently and more often.

In addition to being much needed, we also are confident that this project will readily contribute to the orderly development of healthcare in the Memphis-area and beyond. That is especially true insofar as Le Bonheur is concerned.

Le Bonheur Children's Hospital • 50 N. Dunlap, Memphis, TN 38103 • lebonheur.org

Le Bonheur is a not-for-profit, comprehensive, regional medical center treating 45 medical subspecialties. Each year at Le Bonheur, more than 2,000 specially trained staff provide exceptional care to more than 135,000 children – the majority of them under five years of age. Le Bonheur also serves at the teaching facility for the University of Tennessee Health Science Center and educates about 100 medical residents and 75 pharmacy students annually, in addition to training nearly 60 nursing interns and 20 pediatric therapy interns. Le Bonheur also is home to the Children's Foundation Research Center of Memphis, a 32,000-square-foot laboratory and research center where the work of University of Tennessee faculty and scientists is leading to significant advances in the treatment and prevention of childhood diseases. As Le Bonheur looks to the future, the collaborative relationship we have shared with St. Jude for more than two decades will become increasingly important as we seek to fulfill our unique clinical, educational and research missions. The approval of this project will assist both Le Bonheur and St. Jude in making Memphis a center of state-of-the-art medical care and study for many years to come.

For all of these reasons, Le Bonheur is proud to lend its enthusiastic support to this project at St. Jude. Please do not hesitate to let me know if we can do anything more to support this important intiaitive.

Sincerely,
Maywall

Meri Armour, M.S.N., M.B.A. President & CEO

Gary Shorb

CEO, Methodist Healthcare